Japan strains to encourage

EUROPE'S BUSINESS NEWSPAPER

No. 29,758

Monday October 21 1985

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World news

Business summary

Three shot Elders dead at S. African bid for funeral **Allied**

13-year-old boy in a black township near Pretoria were killed when South African police fired at the

However, there were no problems at another funeral - this one for three coloured youths killed in the Cape peninsula by police who hid in a decoy lorry.

Meanwhile, the house of a white

former rugby star who has support-ed multi-racial sport was destroyed by fire in Port Elizabeth. Page 3

Typhoon kills 54

At least 54 people were killed when Typhoon Dot struck the Philip-pines. Gusts reaching 150mph demolished homes and caused mud slides and flash floods.

95 police injured Japanese demonstrators protesting against plans to build a second run-

way at Tokyo's Narita airport fought with police, injuring 95 offi-cers. At least 240 protesters were

Afghan-Soviet swap Aighan guerrillas claim they exchanged two Soviet soldiers for six imprisoned rebels on August 24 the first swap involving Soviet

Uganda peace 'close'

Kenyan President Daniel arap Moi, who is heading talks between Ugandan rebels and the Kampala Government, said he hopes this week's talks will bring peace to Uganda after 20 years of violence.

India opens N-plant

India began operating an experi-mental fast breeder nuclear reactor at Katpakkum near Madras. Only the U.S. and a few European countries have such reactors.

17 killed in Sri Lanka At least 17 people, including 11 Ta-

mil separatist guerrillas, were killed in ethnic violence in Sri Lanka's northern and eastern provinces

Korean boat sunk

The South Korean Navy says it sank a North Korean boat that was allegedly spying off the port of

Law court bombed

justice building, damaging an office but causing no injuries. Police have reported 11 bomb attacks in Laxem bourg this year.

Luggage bomb study

A U.S. Congressional committee urged the Federal Aviation Administration, America's air travel watchdog body, to speed up efforts to develop equipment to detect ex-plosives in luggage. The FAA said it would take more than two years to develop better devices.

New UK coal union

The new Union of Democratic Mineworkers in Britain will begin a nationwide campaign to replace the National Union of Mineworkers, which it defeated in regional elec-Derbyshire. Page 6

British hold trawler

The British Royal Navy has detained a Spanish trawler off the coast of Scotland and charged its captain with fishing illegally in

Arms deal opposed

Israeli Prime Minister Shimon Peres said proposed U.S. arms sale to Jordan would be unacceptable to his government even if Congress reduced the scope and speed of the

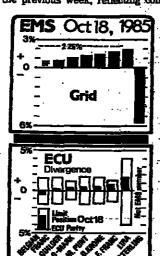
Sackings revoked

Liverpool City Council leaders agreed to withdraw dismissal notices that were issued last month to 31,000 employees because of the city's budgetary crisis. Page 6

poised to

Three mourners at the inneral of a ELDERS IXL, Australian brewing agricultural services and trading group, is expected to launch Brit ain's biggest ever takeover bid to-day with a £1.75bn (\$2.47bn) offer for Allied-Lyons, the food and drinks conglomerate. There were doubts last night whether Elders, quarter that of Allied had succeeded in its six-week search for international partners to join in the bid. Page 20

> EUROPEAN Monetary System Most currencies were stronger from the previous week, reflecting con-



pointing economic data and further central bank intervention depressed the U.S. currency, Consequently the D-Mark improved, although that appeared to put no pressure on the weaker members. The Belgian franc remained the weakest currency but improved sufficiently to allow a half-point cut in the discount rate to 9 per cent. The Italian lira showed little initial reaction to the resignation of the Italian

on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may more more than 2% per cent. The lower chart gives each currency of the property of the contents of the contents. cy's divergence from its "central rate" against the European Curren-cy Unit (ECU), itself a basket of Eu-

TOKYO: The Nikkei Dow Jones index closed on Saturday 42.47 points up at 13,015.69.

A bomb exploded in Luxembourg's YEN bond futures trading drew a flood of contracts at its opening in Tokyo on Saturday. Page 23

JAPANESE banks are pressing the Ministry of Finance to relax its regulations on lending to countries that have rescheduled their debts after last week's U.S. initiative on easing the debt crisis. Page 23

EUROBONDS: More than \$10bn in floating-rate notes have been called before maturity this year, compared with less than \$1bn in 1984, because borrowers see present fine margins as a chance to refinance more cheaply. Page 21

BANQUE Nationale de Paris, France's largest bank, is to enter the Turkish market through a joint venture with Akbank, Turkey's leading privately owned bank. The venture, 49 per cent-owned by BNP.

will concentrate on trade financing LEVIAND, UK bus manufacturers consortium, whose bid for the re-newal of Bangkok's bus system was

blocked by the Thai Government, has submitted a new offer worth less than a quarter of the original £385m (\$542m) deal. Page 20 AMB, parent of American Airlines the second biggest U.S. carrier, lift-

ed third-quarter net earnings from \$78.6m last year to \$87.3m and achieved a significant 18.2 per cent increase in revenue passenger miles. Page 21

WANG Laboratories, U.S. office equipment manufacturer, produced a profit of \$7m in the first three months of its fiscal year after a \$109m loss in the previous quarter, and said it was cautiously optimistic for 1986. Page 23

Volcker to press U.S. banks over Third World debt

BY PAUL TAYLOR IN NEW ORLEANS

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve Board, will today urge support from Ameri-can bankers for the Third World debt plan presented by Mr James Baker, the Treasury Secretary. Mr Volcker has called a private

meeting with the group of bankers to make his call as part of an apparent effort to win support for the three-part Baker proposals put forward at the International Monetary Fund (IMF) meeting in Seoul this

They include a request that com-mercial banks provide about \$20bn over the next three years in addifional loans to less developed countries Mr Voicker will also address the

Association of American Bankers

Mr Jim Cairns, president of the People National Bank of Washing-ton and outgoing president of the association which represents most of the nation's 14,000 commercial banks, said the meeting would also include members of the Association of Reserve City Banks (ARCB)

which represents most of the lead

ing money centre banks.



Mr Paul Volcker

Many banks remain deeply sceptical about the request for additional lending to Third World nations, arguing that credit problems in the energy, property and agricultural sectors of the U.S. demand equal or

greater attention. While Mr Cairns said the association would not be putting forward a formal response to the Baker initiative at the meeting, he also indicat-ed that many smaller banks would like to see some direct linkage be-tween new lending to debtor na-tions and the domestic credit

He noted: "There are lots of parallels between agriculture concerns we have and international lending concerns we have." He suggests that association members might be more receptive to the Baker plan if they believed it would lead to higher purchases of U.S. products, in-cluding agricultural commodities.

Behind those doubts lies the longstanding rivalry between the na-tion's small bankers and the lead-ing money-centre banks, which hold about 85 per cent of U.S. loans to less developed countries. Many smaller U.S. banks have been reducing their exposure in recent years and generally view the prob-

Commonwealth struggles for unity over S. Africa

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN NASSAU

yesterday painfully inching their hours on Saturday. way towards a declaration on South It is becoming in Africa that would paper over the

made at the hixurious country club "retreat" at Lyford Cay, some 17 miles from Nassau, where the leaders gathered over the weekend, to find a form of words that would prevent an open show of disunity.

The effort made by some of the African "front-line" states, India, Australia and Canada to avoid an open clash with Britain has been one of the outstanding features of this conference, which has now entered its fifth day.

The main protagonists in the moves to find an acceptable basis for compromise were Mr Rajiv Gendhi, the Prime Minister of In-dia, and Mr Brian Mulroney, the Canadian Premier. The two leaders, population in South Africa.

BY ALAN FRIEDMAN IN MILAN

country's financial establishment, including the Agnelli family of Flat

sanctions. The problem all along has been to

take account of that position, with- an outcome would be a disappointabandon their stand.

trition of genuine democracy in repayment of debts.

South Africa. The U.S. has kept a close eye on

largest private sector company in Italy after Fiat and Montedison and

granted (by confidential written

The question of who actually con-

trois Montedison has been unclear

ownership of Montedison

The transactions under preparation by business leaders in Milan bigger in turnover than either Pirelwould see Sig Gardini's shareholder li or Olivetti.

Ferruzzi has a declared direct stake in Montedison next spring, thus lifting its stake to between 15 and 20 per that Sig Gardini has already been that Sig Gardini has already b

That move would represent a key agreement) control of a sharehold-change in the map of Italian indusing consortium that owns about 10

trial power. At present, Montedis-on's biggest shareholder is Gemma, There has been much speculation a financial vehicle that holds 17.1 in Italy recently about a possible al-per cent of the chemicals group and linuce between Sig Gardini and Sig

is owned by leading members of the Mario Schimberni, Montedison's

Ferruzzi is based in Ravenna. Its since the start of the summer, when

chairman.

COMMONWEALTH leaders were Thatcher twice for a total of six document will probably confine ithours on Saturday.

It is becoming increasingly clear that Mrs Thatcher, while accepting the sanctions already applied by Britain and other member states. These include an fundamental disagreement be-the creation of a Commonwealth li-arms and oil embargo and the cut-tween Mrs Margaret Thatcher, the aison committee of "wise men", ting of sporting, cultural and mili-British Prime Minister, and most of which would attempt to promote a tary ties. The declaration is also her 40 colleagues on economic dialogue between the Pretoxia re-likely to make clear that every sanctions. position on further economic economic measures, it deems appropriate.

There can be no doubt that such out forcing the majority of other ment to most of the Commonwealth states, which favour sanctions, to states. At least one, Nigeria, has threatened that failure by Britain to The manner in which this is like-endorse economic sanctions would ly to be achieved is now becoming lead to a further deterioration of arer. The document will certain- the already tense relations between ly start with a ringing call for the the two countries affecting, in parabolition of apartheid and the institicular, trade, investment and the

It is likely to go on with the an- the conference. A senior U.S. offinouncement of the setting up of a cial based in London, with the sta-Commonwealth group to promote a tus of diplomatic observer at the dialogue between the white-conference, has told representadominated regime and the black tives of the African front-line states that they could not expect the U.S. who were representing a four-nation group which also included Zambia and Australia, met Mrs The problem of sanctions, how to bail them out if sanctions against ever, will be fudged. Instead of list-south Africa had an adverse effect on their own economies.

Ministers facing pressure for Treaty reforms

EEC Foreign Ministers will be urged today to give new impetus to the exercise to revise their founding Treaty of Rome, with just six weeks before they have to present an agreement to the next Community

summit meeting. Officials in Brussels fear that without decisive action on the direction that reforms should take, there will be no deal to put forward in De-

A plethore of proposals for treaty amendment have been presented in the past week by many of the member states to streamline EEC decision-making, extend the powers of the European Parliament, and move the Community into new

areas of operation. Today's meeting in Luxembourg of the full inter-governmental con-ference, involving the Foreign Ministers of the Ten, as well as Spain and Portugal, will be asked to give clear guidance on the sort of amendments to be pursued and the priority areas they should concen-

Key proposals concerning decision-making have come from France and the European Commis-sion, while Italy, West Germany, France and the Commission have all put forward plans to give more authority to the European Parlia-

A big surprise in the past week has been the decision of Denmark, hitherto the staunchest opponent of any amendment to the founding treaty, to put forward its own sug-gestions for improvements. However, none would involve real changes in the power structure of the European institutions, concentrating on new areas of interest like technology and the environment. The UK and Greece, the other

two dissidents who voted against the original decision in Milan last June to hold a full-scale treaty conference, have kept silent on formal amendments, while vicorously de-

bating the proposals of the rest. The Netherlands has come forward with plans to extend the administrative powers of the European Commission, and to reduce its numbers to 12 - one per member state after Spain and Portugal join in January. The Commission itself has put

forward the most comprehensive package of proposals, including ways of bringing new areas of operation - high technology promotion the environment, and further action to help the poorest member states catch up with the rest - into the Treaty of Rome. Belgium wants a passage in the

Continued on Page 20

Italians may reconstruct same coalition

BY JAMES BUXTON IN ROME

THERE WERE signs last night that a solution might be on the way for Italy's political crisis, after a weekend that saw a diniomatic initiative by the U.S., and intense consultations by political leaders in Rome.

President Sig Francesco Cossiga is expected today to ask Sig Bettino Craxi, the caretaker Prime Minister, to form a new government. Sig Craxi resigned on Thursday after the Republican Party pulled out of his coalition in protest against the Prime Minister's handling of the Achille Lauro affair.

On Saturday, Italy and the U.S. patched the deep rift in their relations caused by the affair, thanks to a warm and conciliatory letter to Sig Craxi from President Ronald Reagan. Mr John Whitehead, the U.S. deputy Secretary of State, delivered the letter and in a two-hour meeting with Sig Craxi, helped to soothe the Italian Government's badly ruffled feelings over the harsh words the U.S. had used

about it in the past few days. Sig Craxi now looks set to go to New York later this week for Thursday's meeting of the leaders of industrial powers that President Rea-Gorbachev, the Soviet leader.

gan has called in preparation for his meeting next month with Mr On Friday, Sig Craxi made known that he would not go to the meeting unless there was a halt to the sharp criticism of the Italian

Many Egyptians remain angry about the U.S. interception 10 about the U.S. Interception for days ago of the Egyptian airliner carrying the Palestinian hijack-ers of the Italian cruise liner, Achille Lauro. Mr John Whitehead, President Reagan's envoy will meet Egyptian President Muharak today to discuss ten-sion between the countries over the incident. Page 2

vernment that Washington and the U.S. press were making after the Italian decision last weekend to allow Mr Abu Abbas, the Palestini-

an leader, to leave Italy.

Mr Abu Abbas was brought to
Italy aboard the Egyptair Boeing
intercepted by U.S. jets. In his letter, Mr Reagan told Sig Craxi that
he was anxious to hear his point of view on the summit with the Soviet leader. Mr Reagan said that despite the differences they had had in the past week, "which we have tackled in an open and friendly way," the two men shared basic commitments on the need to respond with firmness to the challenges of international terrorism."

He added: "I want you to know that I never had any doubt that your government would rapidly prosecute the hijackers of the

Continued on Page 20

Channel link stake by British Telecom

BY LISA WOOD IN LONDON

stake in the Euroroute consortium, business. one of the rival groups applying to build a fixed link across the Channel between England and France. BT said yesterday its limited stake would represent about 10 per

cent of the initial investment. "However, if the Euroroute consorneeded, thereby reducing the proportion of our investment." BT declined to say how much its investment would be. Details are

expected to be announced later this BT is interested in the telecom-

BRITISH TELECOM is to take a international telecommunications Euroroute, the major rival con-

sortium to The Channel Tunnel Group, is led in the UK by Trafalgar House with other British shareholders including Associated British Ports, Barclays Bank, British Shipbuilders and British Steel. Its protium receives approval for its ject, which combines a bridge and scheme, additional funding will be tunnel road scheme, has a final estimated cost of £6.3bn. The Channel Tunnel Group scheme is for a borred rail tunnel with traffic being carried across on shuttles. Two other schemes are also likely to be submitted

Applications to build the link are to be submitted to the British and munications aspects of a cross- French governments by October 31. channel link. It could provide a If the schedule is kept, the winner route for extra cables to Europe at a will be announced in mid-January, time of increasing congestion in the and work started by autumn 1987.



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For further forceful arguments, contact Mike West, Bristol's Director of Economic Development.

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na and its backers because

pushing through;

their informal backing

Sig Gardini gave Sig Schimberni

● Dr Enrico Cuccia, the eminence

merchant bank that has 13.8 per

Continued on Page 20

Editorial comment: Come- Lex: gearing up on Wall

Mexico: political test after Interntl. banking, finance:

the earthquake 18 Survey Section III

Egypt waits for U.S. message as tension grows

BY OUR CORRESPONDENT IN CAIRO

EGYPTIAN officials are hoping tion still felt by Egypt. that Mr John Whitehead, the Since the signing of the U.S. envoy who arrived in Cairo Camp David accords with Israel yesterday from Italy, is bringing a message from President Ronald Reagan which will defuse the mounting pressure on country can risk a major rift President Mubarak's govern-but Egyptians feel that the

a running battle with police at the weekend at Ein Shams nniversity in the wake of the Achille Lauro hijack, and demonstrations have called for an end to ties with Israel and the U.S. and criticised the presithe U.S. and criticised the president's pro-Western stand.

Mr Whitehead's meeting with President Mubarak today will reveal whether he carries a Many Egyptians now believe

message that can assuage the that, despite his integrity, he deep hurt felt by most may not be up to the job Egyptians over the U.S. interduring a period of economic ception of the Egyptian airliner carrying the Palestinian The strong man whom

in 1978 Egypt has been a keen initiative for reconciliation now About 1,500 students fought lies with the U.S.

carrying the Palestinian The strong man whom hijackers.

President Mubarak decided not to cancel a scheduled visit to Beni Suef yesterday to Charaleh, the Minister of inaugurate some farm projects Defence. Like Mubarak, Mr.

Syria and Jordan renew

THE FIRST train for 18 tary General.

months travelled between Arab diplomats said there

Cargo capacity was about 300 ment leader.
tons, and more trips could be Mr Nai'b was the first senior

When President Mubarak

came to power in October 1981, after the assassination by Islamic fundamentalists of President Anwar Sadat, he promoted himself as being

and to address a political rally, Ghazaleh is a staunch supporter as an indication of the humilia-

talks on reconciliation

BY LOUIS FARES IN DAMASCUS

Damascus and Amman at the appeared to be encouraging weekend as the Prime Ministers signs of a desire by both of Syria and Jordan arrived in countries to boost bilateral Riyadh for a second round of trade and end propaganda warreconciliation talks.

Mr Aqil Ismail, Director cant that Isam al-Na'ib, Syrian General of the Hijaz railway, Minister of State, attended Frisaid that from now on one day's funeral in Arman of Mr. General of the rujaz raiway, minister or state, attenueu rissaid that from now on one day's funeral in Amman of Mr train will transport cargo every Abdul-Mune'eb al-Rifa'i, a forweek "according to the commer Jordanian Prime Minister mon wish of the two countries."

dded Syrian official to visit Jordan for Saudi officials said the Arab several years. The usually League sponsored talks between well-informed Jeddah-based Prime Minister Zeid Rifa'i of newspaper Ash-sharq al-Awsat, Jordan and Prime Minister Abdel-Rauf al-Kasm of Syria, with the Palestine Liberation would be attended by Saudi Organisation (PLO) for a nego-Arabian Crown Prince Abdullah tiated Middle East peace, which Ibn Abdulaziz, Prince Saud al-Syria describes as capitulatory, Faisal, Saudi Foreign Minister, would top the agenda for the Mr Chedi Klibi, League Secre-

Gemayel angered by role of rival **Christians**

By Nora Boustany in Beirut

PRESIDENT Amin Gemayel of Lebanon has signalled his displeasure to Mr Rafez Assad, the Syrian leader, about the involvement of rival Christian leaders in talks about the future of Lebanon.

Gemayel indicated his approval of a draft plan for ending the war in Lebanon and a power-sharing formula favouring the Christian side after his ninth summit meeting with Mr Assad which ended at the weekend. In spite of assurances from the spite of assurances from the Syrians that no side deals would be concluded with Lehanese adversaries, how-ever, Mr Gemayel privately objected to the attention they

were getting in Damascas.
His meeting with President Assad and Abdel Halim Kliaddam, the Syrian vice president, were preceded by consultations with representatives of Lebanon's three main washed. warlords. A blueprint for an agreement has been thrashed out for final approval next week by Christian militia commander Elie Hobeika. Shi'ite leader Mr Nahib Berri and Druze chieftain Mr Walid Jumblatt in Damas-

cus. Fighting in Christian areas, last week, triggered by inter-Christian feuding over a pos-sible Syrian military role here, was hushed up and appears to have stalled any prompt application of the

plan.

Leftwing Lebanese leaders, considered close to Syria, have said that prior to any serious peacemaking efforts, a "cleaning up" operation inside Palestinian guerrilla camps south of Beirut will get

underway. Militia sources disclosed that Lebanese militia groups under Syrian control will be asked to undertake the task of disarming the camps as a prelude to other moves. President Gemayel, who flew to New York on Satur-day to address the United Nations General Assembly,

Nations General Assembly, will stop in Damascus on his way back to Beirut.

He has complained to Syrian officials that while he was the "Godfather" of Lebanon's Syrian option last year, they were conferring with his opponents, who he described as "newcomers."

Christian Democrats regroup in Rhineland

BY RUPERT CORNWELL IN BONN

Democrats (CDU) this weekend breathe new life into the party what colourless outgoing leader the delicate matter of who made two important moves to in a state which represents of the Rhineland CDU, whom would lead the new single party shore up its wavering fortunes around a third of Vest in the country's most populous Germany's electorate comes responsibility, it was widely state of North Rhine West- five months after the Christian argued, lay with the anomalous phalia, which could have an Democrate wife and the country's most populous five months after the Christian argued, lay with the anomalous important bearing on the defeat in a North Rhine West- state, and the inherent rivalry

phalia, which could have an Democrats suffered their worst structure of the party in the

WEST GERMANY'S Christian The overhaul, aimed to Bernhard Worms, the some-Herr Putzhofen now replaces. between the two CDU organisa-

rinancial lunes Salurday October 19 1500

But he carefully left open organisation in the state, a position whose holder will automaically become a key force to be reckoned with in national CDU politics.

federal elections in early 1987.

The Rhineland CDU which, with 136,000 paid-up members, is the largest such organisation of any West German state, elected a new leader, the energetic 43-year-old Herr Johannes Ran, the state's energetic 43-year-old Herr Dieter Pützhofen, the mayor of Krefeld. At the same time if voted overwhelmingly to merge itself with the CDU party in neighbouring Westphalia, a decision which should become fact by next March.

phalia state election.

The party saw its share of the party saw its share of the vote there fall by nearly and in Westphalia.

At the weekend congress in Düsseldorf, Herr Pützhofen and the Westphalia.

At the weekend congress in Düsseldorf, Herr Pützhofen in no friend of Herr Kohl, and multiply attacked the CDU-led covernment in Bonn, under Chancellor Helmut Kohl, for giving undue attention to states where the CDU was also states where the two CDU organisa.

The choice lies in eff The choice lies in effect be-tween Herr Pützhofen and the

prepare for his encounter with Mr Gorbachev. • Mr Mikhail Gorbachev meets

Warsaw Pact allies in Sofia this week for a summit at which

the Communist military alliance will co-ordinate policy towards the West ahead of next month's superpower summit in Geneva.

In line with East Bloc prac

tice on such occasions, no pre-

cise date has been announced for the Sofia summit. But

sources said it could be held on October 22 and 23.

At the end of their meeting the seven Communist leaders



Johnney Ratt ... , facing new competition

Reagan outlines wider summit agenda

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has issued a reminder that the success of his summit meet-ing with Mr Mikhail Gorbachev, the Soviet leader, next month does not just hinge on progress on arms control.

Moscow must also be ready to change its behaviour in a wide range of other areas, from human rights at home to "armed intervention and subversion" around the world, he suggested in his weekly radio broadcast.

His remarks followed means of waging war."

criticism that the Administration has so far allowed Mr of tension that provoke take up arms. True parents of the summit agenda by based on self determined focusing the small part of the summit agents of the summit agents of the second self determined to individual and specific the second self determined to the summit agents of the second self determined to the summit agents of the second self determined to the summit agents of the second self determined to the summit agents of the second self determined to the second self determined to the second self determined to the self-determined to the second self-determined to the self-d

Soviet industrial output grew by 3.7 per cent in the first three quarters of the year but oil production is down by 4 per cent over the same period in 1984, writes Patrick Cockburn in Moscow. Gas output at 473hn metres is 10 per cent up, but overall growth is still patchy and

below the 4 per cent target which Mr Mikhail Gorbachev, the Soviet leader, says he needs to meed the demands of investment, defence and consumption.
Steel production was down
Im tonnes at 116m, but coal
output was up by 7m tonnes

His remarks followed criticism that the Administration has so far allowed Mr of tension that provoke man to take up arms. True peace is thrust of the summit agenda by focusing the spotlight on Mr Reagan's Star Wars space defence programme.

While reaffirming the importance of drastic reductions in nuclear weapons. Mr Reagan is into the 21st century would on more than just reducing the one of waging war."

"It must address the forces of tension that provoke man to take up arms. True peace is arms build up, he said.

"It must address the forces of tension that provoke man to take up arms. True peace is arms build up, he said.

"It must address the forces of tension that provoke man to take up arms. True peace is arms build up, he said.

Mr Reagan's comments were intended to set the tone for a communique urging the U. starting on Wednesday. On proposal for a joint cut on the United weapons.

Whether the summit would help to guarantee "a safe path into the 21st century" would on more than just reducing the to modify its worldwide conduct.

Western "mini summit" to tive (SDI) programme and the treatment of its own

communique urging the U.S. to reply to Mr Gorbachev's recent proposal for a joint cut of 50

per cent in long-range nuclear

expect the Pact to condemn the U.S. Strategic Defence Initia-

Chrysler union seeks extra cash

By Terry Dodsworth in New York

TRADE UNION representatives of 70,000 striking car workers at Chrysler, the U.S. motor company, hardened up proposals at the weekend for special cash bonuses aimed at recogni

ing lost wages from the salary cut-backs of the last five years. The new demands emerged from a meeting between the top-level negotiating committee of the United Auto Workers (UAW) and Chrysler's 170-member workers' council, which represents shop-floor employees.

Mr Owen Bieber, president of the UAW, was deliberately vague about the claim, but con-firmed the union would be seeking "extra money" as well-as parity in wages and benefits with Ford and General Motors, The UAW is likely to ask for either one bonus payment or a series of staggered payment to make up for some of the maney lost in concessions made to the company in its financial crisis between 1979 and 1982.

Mr Bieber, who is also a Chrysler main board director— a position he has temporarily vacated to lead the union negotiations—sppears to be opti-mistic that the five-day-old strike can soon be brought to

Hungary puts Western newspapers on sale

BY LESLIE COLITT IN BERLIN

HUNGARY has become the first Warsaw Pact country to put Western newspapers on citizens was not a temporary in Eastern Europe by a consistency of a freer flow of information between Western and Fastern Europe.

decision to make Western newspapers in Eastern newspapers are read to western newspapers are read to western newspapers are read to western newspapers are read to siderable number of high-ranking officials, but access to them by the public has been wirtually non-existent in all countries except Foland, where they have been available in reading rooms.

Fastern Europe.

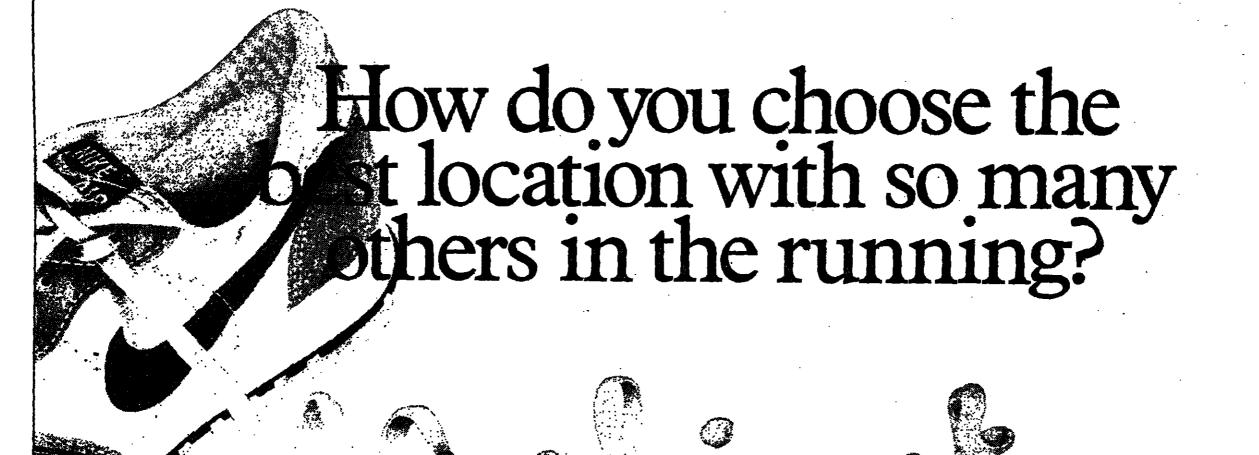
Sastern Europe. Were previously available only East European officials argue Hungarian officials said the at a few hotels eatering to they do not have sufficient hard

papers on news stands. Hungary, however, has taken this step at a time when it has suffered a fall in hard currency earnings in East Germany Western newspapers are sold only at a few top hotels and West German newspapers are usually confiscated at the border and may not be mailed to East

currency to offer Western news-

an end after the resumption of talks today.

Three key issues now seem to be dividing the two sides, apart from the bonus question.



In Nike's case they used simple logic.

As the world's leading running-shoe manufacturer, parented in the USA, they knew exactly what a Nike-UK operation needed: fast and efficient distribution; a highly motivated workforce; keen local suppliers; and an environment which would appeal to relocated management personnel. Nike looked at 6 sites, most of them near London.

They chose Washington, Tyne and Wear. So how much of what they wanted did Washington give them? For a start, they enjoy better distribution with lower overheads than they'd get in central England. The local workforce is enthusiastic. First-class suppliers are on their doorstep. Relocated personnel have all the advantages of lower cost housing and the extensive amenities

of the North East. And that's not all. Within 1 year of settling into Washington, Nike

turnover had doubled. So did the workforce. After 3 years, Nike sales were up 20-fold. The company is well embarked on a programme of expansion that will probably bring them to within panting distance of

Adidas in the general sports-gear market. And they did it all from Washington, with the help of the best financial package available to any development area in Britain.

In the words of Managing Director, Brendan Foster: "The best thing Nike ever did was to set up their company in England; the second best thing they did was to set it up in Washington."

If you'd like to learn what Nike learned, contact Norman Batchelor, Washington Development Corporation, Usworth Hall, Washington, Tyne & Wear. Telephone: (091) 416 3591. Telex: 537210 DC WASH G. It will help your business to walk. Running comes later.

Washington. Profit from our experience

Sudan rebel

leader

declares

ceasefire

By John Murray Brown in

SUDAN'S two-year civil war, which has divided the Moslem north from the Christian south, moved one step closer to a resolution over the weekend when the rebel Sudan Peoples Liberties Army (SPIA) de-

Liberation Army (SPLA) de-clared a two-week ceasefire.

This was the first such move since the April coup led by Gen Swareddahab which oused

former President Jaffar Numeiri. Col John Garang, the

rebel leader, said in an interview in Addis Ababa last week that he was prepared to meet any group, including the army, to reach a settlement.

OVERSEAS NEWS

U.S. supports protests against Seoul torture

BY STEVEN B. BUTLER IN SEOUL

THE U.S. Government has lent its weight publicly to protests in Seoul against the use of torture by the South Korean Government.

The Seoul protests led to the dentention on Saturday of Mr kim Dae-Jung who was placed under house arrest for one day. This was to prevent him from participating in a joint news conference which he and Mr student activist, Mr Kim Kunstant, Mr Kim Swife saw him by accipation, and reported that he was barely able to stand. He had to the short of the Mr Kim Swife saw him by accipation, and reported that he was barely able to stand. He had to the short of the short of the Mr Kim Swife saw him by accipation, and reported that he was barely able to stand. He had to the short of the short participating in a joint news conference which he and Mr kim Young-Sam, the opposition leader, called to denounce the use of torture.

The U.S. had made known its "serious concern" about two "deplorable incidents."

In August agents of the

kim Young-Sam, the opposition leader, called to denounce the use of torture.

The U.S. had made known its "serious concern" about two "deplorable incidents."

In August, agents of the National Security Planning Agency detained three journalists from the Dong-a libo, an outspoken daily newspaper, and beat them severely. Ostensibly, the journalists were being questioned because their paper ran an article one day ahead of the Government's official announcement that a defecting Chinese pilot would be allowed to travel to Taiwan. The move was widely

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The move was widely The South Korean armed interpreted as an attempt to intimidate the paper.

The second case involves a sank the boat.

by a pole under his arms which are tied behind his knees, and

Indonesia moves 'illegal immigrants' to prison camp

BY KIERAN COOKE IN JAKARTA

INDONESIA is moving more than 1,200 people, mostly of the camp are Chinese born in Chinese origin, to a detention in the late fifties and midcamp in a remote island in the sixtles and went to China but east of the country. Mr Ismail later drifted back. About 4m of later drifted back. About 4m of Indonesia's 160m population are Chinese and there have been periodic outbreaks of anti-clives but they would be kept in lives but they would be kept in later drifted back. About 4m of later d east of the country. Mr Ismail said the Government old not are Chinese and there have intend to keep the people in been periodic outbreaks of anticaptivity for the rest of their Chinese feeling lives but they would be kept in detention until their country of matic relations with China in origin accepted them.

Many of those to be sent to

the mid-sixties

Fully equipped Business Centre

with secretarial service, facsimile, 24-hour telex and prompt message delivery.

Most modern accommodation in Seoul.

SEOUL HILTON INTERNATIONAL

Sino-Soviet talks end without progress

By Robert Thomson in Peking TALKS on the normalisation of relations between China and the Soviet Union have broken up, with China's "three obstacles" to normal relations still firmly in place, though the two sides yesterday released a conciliatory

The discussions, the seventh in a series of get-togethers, ended on Friday, and the Soviet special envoy, Mr L. F. Hyichev, left for Moscow yesterday after a two-week

China and the Soviet Union fell out 25 years ago over profound political, ideological and territorial differences. In and territorial differences. In the past two years, Sino-Soviet trade has increased markedly and China has been assiduously cultivating relationships in Eastern Europe.

However, the Chinese say three obstacles must be removed before normal relations can exist: Soviet support for the Vietnamese occupation of Kampuchea, the Soviet occupation of Afghanistan, and the mass of Soviet

Soviet occupation of Afghanistan, and the mass of Soviet troops on the Chinese border. The joint communique made no mention of any progress on any of the obstacles. It said that the Chinese special envoy, Qian Qichen, and Mr Hyichev "continued their exchange on the question of normalisation of Sino-Soviet relations and on certain international issues."

certain international issues."
The two sides pointed out The two sides pointed out that there was an expansion of bilateral ties and contacts in many fields, and reaffirmed their readiness to further improve and develop their relations

FINANCIAL TIMES

FINANCIAL TIMES, USPS No.

South African debt meeting called

BY WILLIAM DULLFORCE IN GENEVA

SOUTH AFRICA will meet its creditor banks in London on Wednesday for the first formal negotiation since it imposed a four-month moratorium on debt repayments at the end of August.

The meeting has been called by Dr Fritz Leutwiler, the former president of the Swiss National Bank, who is acting as mediator.
The one-day meeting will

The one-day meeting will concentrate on technical details, according to a spokesman for Dr Leutwiler. It is unlikely to consider the political issues which have to be resolved before South Africa's \$24bn (£17bn) debt can be restructured and normal financial business resumed. business resumed.

business resumed.

Swiss bankers believe it will be extremely difficult in the present political climate to reach a settlement before the end of the year, when the payments standstill is due to expire. Dr Leutwiler will explain on Wednesday how he envisages his mediating role. He said earlier that he did not see himself merely as a "messenger boy" and that he hoped to achieve concrete results by the end of the year.



Dr Leutwiler . . to outline

Dr Chris Stals, South Africa's director general of finance and head of its standstill co-ordinating committee, is expected to outline to the 29 creditors represented at the meeting the white regime in South proposals for managing the

large proportion of interbank hints of reforms from Mr P. W. lending in the \$14bn short-term Botha, the South African

Other nuclear points concern interest rates on the blocked loans, South Africa's position on the private sector debt and the coverage Pretoria ascribes to its moratorium. Some govern-ment notes and loans to the South African transport com-pany, have been repaid since the beginning of September.

The nub of the matter remains the attitude of the U.S. banks which precipitated the South African moratorium, when they asked at short notice for large-scale repayments of their chart terms loops. their short-term loans.

The U.S. banks acted under pressure from the domestic anti-apartheid movement, demonstrated in the withdrawal

Africa intends to handle the which has overshadowed recent

Dr Leutwiler was in New York recently but he has given no hint of the outcome of any talks he may have had with U.S. bank leaders.
Other banks, most notably

the Swiss, have emphasised that the Swiss, have emphasised that they are not willing to fill the gap left by the withdrawal of U.S. credit to South Africa. Until the restructuring of the short-term debt, in which the U.S. banks have the largest exposure, has been realised no fresh medium or long-term credit will be appliable to South credit will be available to South

Africa. Dr Nikolaus Senn, president of the executive board of Union Bank of Switzerland, has said that a country which has sus-pended payments because its short-term loans must be restructured is not in a position

outline to the 29 creditors represented at the meeting proposals for managing the moratorium and possibly for making it more flexible.

Bankers are looking for clarification of how South and South Moloise in Pretoria last Friday, meeting.

The pressure on the U.S. banks has not been eased by the hanging of Mr Benjamin expected to attend Wednesday's meeting.

He set no preconditions for the talks and called for a national conference to be con-vened in December to discuss the issue.

the issue.

Western diplomats were yesterday "autiously welcoming the rebel leader's remarks, which were described by a Government official as creating an opportunity for contact.

Col Garang also restated his various demands, which include the lifting of the state of emergency enforced since April, a cancellation of Islamic Sharia law, the abrogation of all agreements with Libya and Egypt and the formation of a provisional government of national unity.

government of national unity, Rebel activity in the south where all road, rail and river links are cut has lessened in recent weeks, according to Western sources. In early September the SPLA lifted its 3-month siege of a town in Bahr el Ghazal province.

Earlier assurances from Col

had stopped supplies to SPLA came to nothing following the restoration of diplomatic re-

Three die as police fire on funeral crowd BY ANTHONY ROBINSON IN JOHANNESBURG

THREE people died in mobile black township of Atteridge-ville near Pretoria yesterday police force on Friday night when hundreds of troops and when hundreds of troops and backed by armoured cars when police fired tear-gas and birdshot at a large crowd of mourners at the funeral of a 13-year-old boy, allegedly killed by police on his way to a church residents.

In the Cape peninsula the funeral of three coloured youths killed by railway police who fired from a decoy lorry in the coloured suburb of Athlone last Tuesday passed off peacefully on Saturday after police stayed

service last weekend.

residents.

The night before police had surrounded the St Athens mosque in Athlone. Shots were fired from the crowd, seriously wounding a police dog handler, after police opened fire with teargas and bird shot killing a 29-year-old Moslem, Mr Abdul Kariem Friddie.

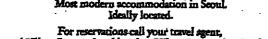
National Congress (ANC). They were guarded by marshals wearing Islamic red and white check headscarves.

Meanwhile, in Port Elizabeth an explosion followed by fire has destroyed the house owned

Mr Friddie was also buried able and sympathetic attitude on Saturday in a ceremony towards black aspirations, has attended by thousands of Mosmade him, and his three lems carrying placards with brothers, anathema amongst quote from the Koran and rightwing elements in the flags of the banned African police and the local white community.

The Watson brothers, who run a chain of mens clothing shops in the Port Elizabeth and Uitenhage area, have been ex-cluded from the black consumer by Mr Cheeky Watson, a for-boycotts of white shops, now in mer Springbok rugby star its third month, which is factions support for multi-racial ing many white retail busi-sport before it became fashion-nesses with bankruptcy.

Who's behind the most diverse range of thriving businesses in Hong Kong?



and Hilton International botel or Hilton Reservation Service.

WHERE THE WORLD IS AT HOME SA

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FINANCIAL TIMES, USPS No. 190640, published deily encept sondays and holidays. U.S. subscription rates \$365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POST-MASTER: send address changes to FINANCIAL TIMES, 14 East 18th Street May York Will N.Y.

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Garfunkels Restaurants plc

INTRODUCTION TO THE OFFICIAL LIST

35,000,000 28.281.876 31.817.110

SHARE CAPITAL Ordinary shares of 10p each **Authorised**

3,500,000 Issued allotted and fully paid at present following rights issue 3,181,711

The Council of The Stock Exchange has admitted the whole of the issued share capital of Garfunke Restaurants pic (formerly dealt in on the Unlisted Securities Market) together with those shares allotted in accordance with the rights issue, as described in the document to shareholders dated 18th October 1985, to the Official List, it is expected that dealings will commence on 21st October 1985.

Listing particulars relating to the Company are available in the Extel Statistical Services and copies of such particulars are also available during normal business hours on any weekday (excluding Saturdays) up to and including 4th November 1985 from

CAPEL-CURE MYERS Bath House, **Holborn Viaduct** London EC1A 2EU

and are also available from the Company Announcements Office, Quotations Department, P.O. Box 119, The Stock Exchange, London EC2P 2BT on 22nd and 23rd October 1985.

21st October 1985

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Gibbon Lyons Group plc (Registered in England No. 276919)

PLACING

GREENE & CO.

400,000 Ordinary Shares of 10p each at 72p per share

Authorised

Share Capital Ordinary Shares of 10p each Issued and now being issued fully paid

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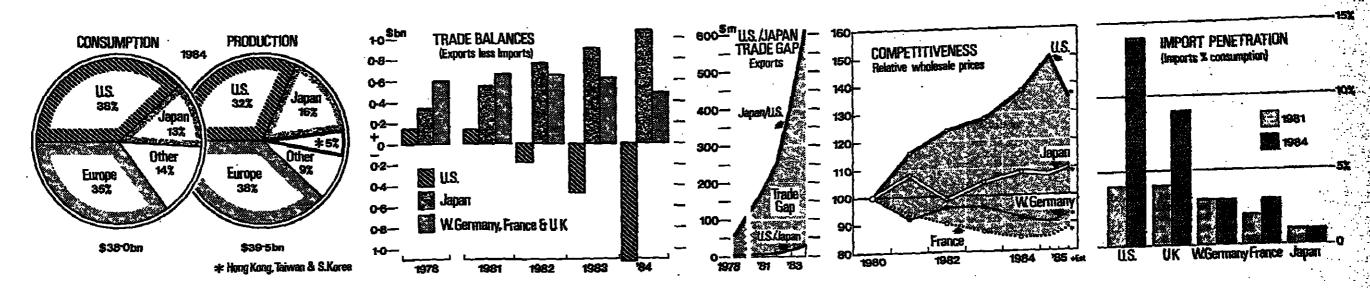
The main activity of Gibbon Lyons Group plc through its wholly owned subsidiary. A.R. Gibbon Limited, is the manufacture of time quality printing inks which it supplies together with a wide range of printers' chemicals and sundries through its retwork of colorcentres. The group's customers include producers of magazines, brochures, cartons, labels, greetings cards, gift wrapping and maps and range from the small "quick print" shops to large

Particulars relating to the Company are available in the Extel Statistical Service and copies of such particulars may be obtained during normal business hours on weekdays (Saturdays excepted) up to and including 4th November, 1985 from:

Greene & Co. Bilbao House 36/38 New Broad Street London EC2M 1NU 21st October, 1985.

rmancial times saturday Genover 12 1200

STATISTICAL TRENDS: TELECOMMUNICATIONS EQUIPMENT



U.S. and Europe dominate \$150bn World market

TELECOMENUNICATIONS EQUIPMENT

MPORTS

THE WORLD market for telecommunications equipment is estimated at \$40bn a year. If accessories and parts are included the total rises to \$150bn.

The U.S. has 40 per cent of the market with Europe second holding a 35 per cent share. Most growth has also been seen in the U.S. in line with the country's economic expansion in 1983 and 1984.

Competition in the U.S. is probably fiercest in the \$3.2bm a year market for switching equipment for telephone exchanges. Europe and the U.S. dominate production, accounting together for 70 per cent of the total. Japan's share is around 15 per cent with the new entrants—Hong Kong, Taiwan and South Korea—accounting for 5 per cent. Much of Japan's production is in telephone

sets and related equipment aimed at taking advantage of world growth in terminal equipment and handsets, particularly in the U.S. In 1978 the U.S. had a surplus of \$150m

COMPANY RESULTS

JAPAN PRODUCTION 1984 Switching equipment Telephone systems
Telephone terminal equip
Data and text terminals
Transmission equipment
Other Source: Mackintosh Year Book

on its trade balance in telecommunications equipment. By 1984 that had changed to a deficit of \$1.10n, more than half of which was deficit of \$1.10h, more than half of which accounted for by the trade gap with Japan, which reached \$660m. The U.S. is Japan's main export market, taking 55 per cent. For the wider definition of telecommunications—including accessories and parts—the gap stood

at \$3bn.
This growing U.S. deficit on telecommunications, as with other goods, reflects

MAIN EUROPEAN PRODUCERS 1983/84

lower competitiveness from a rising dollar. Even with the fall in the dollar this year U.S.

Even with the fall in the dollar this year U.S. products are still 40 per cent less competitive than they were in 1980.

Japan's trade balance in telecommunications equipment has grown from \$340m in 1978 to \$1.1bn in 1984, while the main European producers have seen their balance decline slightly from \$600m to \$500m.

Although the U.S. has run into a substantial deficit it remains a major exporter, second only to Japan, exporting \$300m in

second only to Japan, exporting \$800m in 1984.

The Japanese and many European markets remain virtually closed to foreign Import penetration of Japan is less than per cent and in Germany and France it is

below 3 per cent.
Importers have increased their share of the UK market from 4 per cent to 9 per cent and in the U.S. imports now command 14 per

cent against 4 per cent in 1981.

Competition in the U.S. has also been intensified by the breakup of the Bell Telephone operation with U.S. companies facing competitive bidding from Japanese and European companies for the \$3.2bn market in switching equipment.

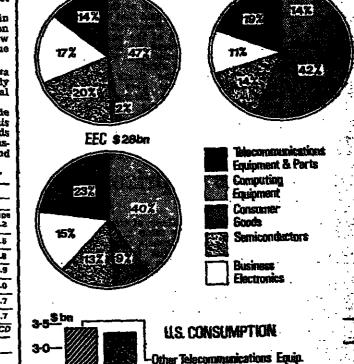
It is not clear how much the growth in this section—estimated at more than \$10bn worldwide—is due to natural growth, and how much is due to the change from older analogue exchanges to newer digital exchanges.

The lack of comparable historical data

The lack of comparable historical data makes it difficult to measure any relatively new industry which is subject to technological change, such as telecommunications.
 Telecommunications also covers a wide

range of products and for this reason this feature has concentrated on recent trends and developments in switching and trans-mission equipment and related telephone and data handling equipment.

TOTAL DOMESTIC DEMAND



EXPORTS OF ELECTRONIC PRODUCTS

1983,4

U.S. \$23bn

Japan \$27ton

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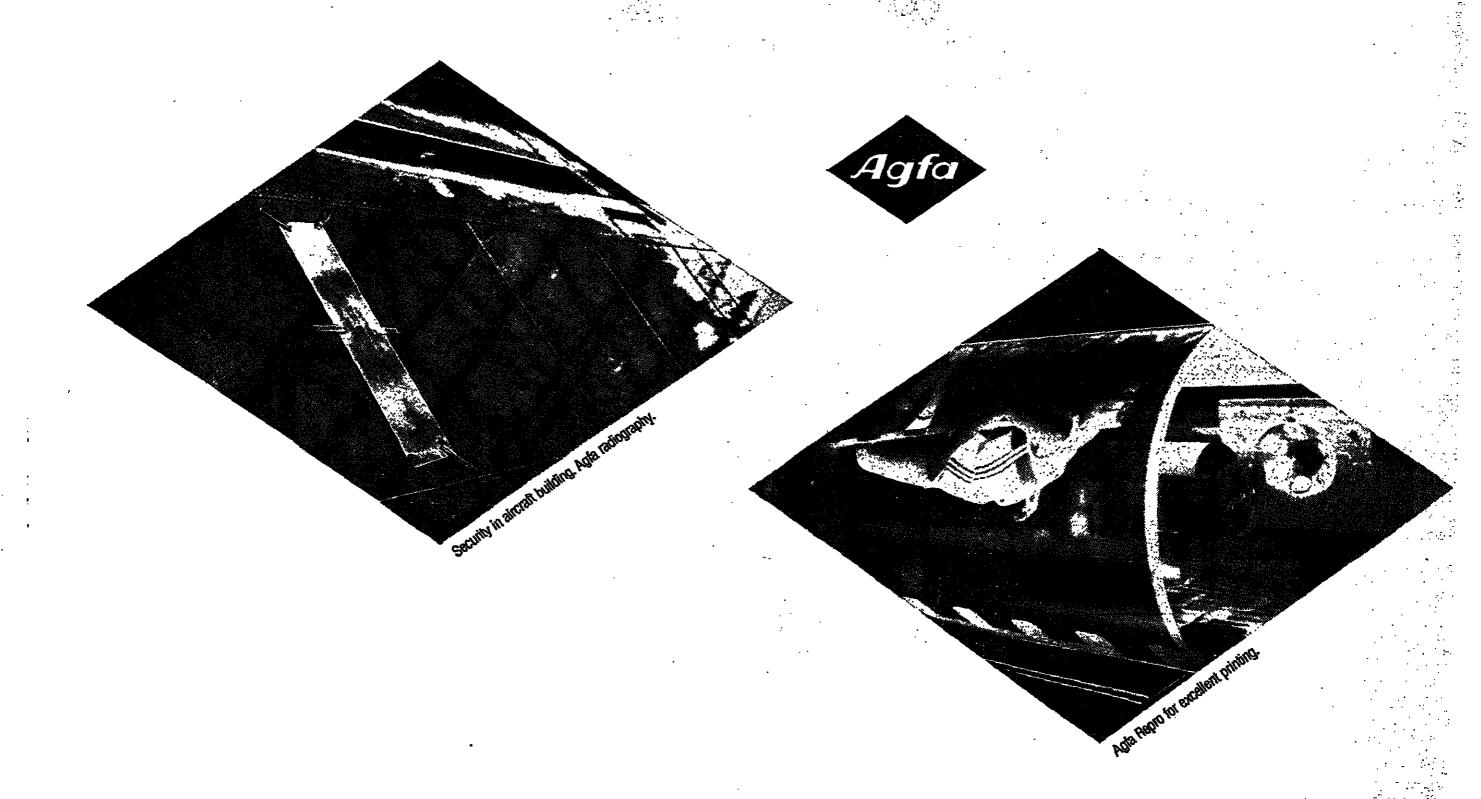
UK £m U.S. 2.0 NORTH AMERICA 1990 18.5 9.7 2.1 1983 14.2 12.9 3.3 % shares 1979 ITT (Sbn) GTE (Sbn) Northern Telecom (CSbn) % sheree 4,862 22,400 1,450 W. Germany, France, UK 1984 7.5 1.2 1980 -1.2 874 1,238 (\$1,900m) .21 -1J8 1981 Japan 243 2,643 EEC 0.9 1982 -1.2 3.2 15 Canada EEC 2,261 2,620 22,400 above 573 1.0 1.9 5.0 EUROPE
Sermans (DM bn)
CIT/Alcatel (FFr bn)
Ericsson (SKr bn)
Pleasey (Em) 1883 OPEC EEC 22 บ.ร. 40.1 12.4 19.6 1,120 39.5 13.1 25.2 1,252 34.6 10.7 16.2 985 1.7 1984 8.7 4.0 H, Kang 8.74 0.75p Egypt 2.85 H. Kong, Taiwan, S. Koras 7 4.5 1,7 1985 3.7 S, Kores Source: QECD Source: Capital Internation Source: GECD TELECOMMUNICATIONS EQUIPMENT TELECOMMUNICATIONS EQUIPMENT TELECOMMUNICATIONS EQUIPMENT TELECOMMENICATIONS EQUIPMENT JAPAN: TRADE IN IMPORTS Sm value ACCESSORIES AND PARTS 1984 EXPORTS Sm values PRODUCTION TELECOMENUMICATIONS EQUIPMENT 978-81* 81-82 U.S. 30 25 94 50° T,900 79 1,120 Japan jagan 1,840 1,110 -- 14 W Germany 450 W Germuny 87 200 -21 France 1.730 1,050 24 18 160 Source: OECD Source: OECL * Annualised 3,420 7.600 Source: OECD

U.S. TRADE IN

TELECOMMUNICATIONS EQUIPMENT

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department.

oduce more than



JAPAN STRAINS TO ENCOURAGE FOREIGN IMPORTS

Mitsubishi launches 'Operation Bulldog'

\$ 27 bn

32728

A MITSUBISHI manager in London went out jogging and stumbled on a name for the scheme his trading house. Japan's largest, is launching to help Mr Yasuhiro Nakasone, the Japanese Prime Minister, reduce trade tensions with Europe.

Mr Mikio Kawamura, a 50-year-old Sherlock Holmes fan, says he bumped into a genile-man walking his dog. After exchanging a few caning pleasantries, he found his clue and his answer.

"Operation Bulldog" is the name he chose to denote of the the service will supplied that the pleasantried and sanswer.

"Operation Bulldog" is the name he chose to denote of the product that the pleasantried in the political region of the product in the political region of the products which in the political region of the products with span's surplus on visible trade with surplus on visible trade wit

Tokyo fair fails to see best of British

maintained at previous levels. sales figures encouraging.

The volume of tankers and About I.Bm dwt was sold to

BY CARLA RAPOPORT IN TOKYO

SHIPPING REPORT

shipping laid-up through lack

tonnage surplus.

Last week was quiet in both

CHARLOTTE BRONTEpie and Fortnum and Mason tea were meant to be on offer as part of the Great Britain 1985 Fair in jeans, most of the British foods on offer at Tokyo's Mitsukoshi department store.

The fair was one of 1,114 prices, lack of variety and and fairs planned for this mount and next by Japan's leading retailers and sponsoring government agencies as part of an attempt by the Government to help Japan shed its image as an ethno-centric exporter with no appetite for foreign goods.

Unfortunately, if the Mitsukoshi fair was typical of the other 1.112. Prime Minister

salipping laid-up through lack of business has fallen by some 2m deadweight tons over the past month, according to E. A. Gibson, the London ship-brokers, Sales of ships for demolition have also increased, thus helping to ease the acute tonnage surplus.

The volume of tankers and combined carriers (able to breakers' yards over the past month, taking the total of scrap sales so far for 1985 past that for the whole of last year. Royal Dutch Shell has just sold three VLCCs for demolition, with one up for sale and another likely to be offered soon.

for 42.5m dwt against 44.2m.

Decline in laid-up tanker tonnage

THE VOLUME of tanker maintained at previous levels. sales

other likely to be offered soon.

help Japan shed its image as an ethno-centric exporter with no appetite for foreign goods.

Unfortunately, if the Mitsukoshi fair was typical of the other 1,113. Prime Minister Nakasone still has a lot of work ahead of him. Although the module filed bears bore price tags of around £33, while \$\frac{\pi}{\pi}\$ faired at £10. Nearby, bulky-knit Welsh wool sweaters starting at around £60.

A six-floor search failed to turn up any of the advertised and most ahead of him. Although the module filed bears bore price tags of around £33, while \$\pi\$ faired at £10. Nearby, bulky-knit Welsh wool sweaters starting at around £60.

Cheek-by-jowl with the Scotch House selection were Aylesbury clothes. A close inspection of mined to buy something bear were in evidence. Determined to buy something the label revealed in small British, I parted with more play." I told the clerk. "I have to," she said "That is the only one we have."

U.S. in coal barter deal

BY ALAN SPENCE IN BUCHAREST

THE ROMANIAN Government shortly from Mobile, Alabama has agreed to a countertrade in cargoes of up to 55,000 deal under which it will import tonnes to Romania's expanding 400,000 tonnes of U.S. coal, steel complex at Galatz, linked worth between \$25m and \$30m by security to the Rick Sec. (£21m), in return for various

(£21m), in return for various
Romanian products including
textiles and light industrial
goods.

The deal was arranged
through Rindalbourne the
London-based East-West trade
specialists. A delegation of
officials from the company,
along with British MPs led by
Lord Wilson, a Rindalbourne director. Further substantial
coking coal shipments to
Romania via the trading company seem likely. The original
initiative envisaged deliveries
climbing up 180,000 tonnes a
month over a ten-year period.
Negotations are now under way
with a U.S. supplier for a
further shipment of 400,000 Line tanker and dry cargo markets. But in spite of the distribution in the supply of Iranian crude oil due to Iranian attacks on the Kharg Island terminal, both enquiry and actual rates for large ships in the Guiff were

Part of the fall in idle ton over 19m dwt of the current ing back into service of two under the current ing back into service of two

by seaway to the Black Sea.

further shipment of 400,000 services on existing and new

Boeing wins \$90m order from Cathay **Pacific**

By Michael Donne,

BOEING of the U.S. has won a \$90m (£63m) order from Cathay Pacific, the Hong Kong airline, for a fourth Series 300-747 Jumbo jet, for delivery in November, 1986.

Cathay aiready operates one 747-300, and has two more on order. The decision to buy the fourth stems from in-creased traffic growth. It will be used on services to Tokyo, Singapore, Jakarta, Frank-furt and London.

Boeing has also sold to Pan American Airways three Airbus A-310-306 twin-en-gined jets, for a sum be-lieved to be around \$150m.

The aircarft were originally ordered from Airbus Industrie by Kuwait Airways, but were acquired by Boeing when Kuwait decided to change from the A-310s to Boeing 767s.

Pan Am has now bought those aircraft in addition to its existing orders for 12-Airbus A-310s and 16 A-320s, with options on another 13 A-310s and 34 A-320s.

• Boeing expects to receive soon its first order for the latest version of the 747 Jumbo, the Series 400 model with improved payload and range performance.

Mr Joe Sutter, executive vice-president of Boeing, said that Boeing was also opti-mistic about future sales of its smaller 737-300 twin-engined jet airliner in South-East Asia, especially in China. Boeing was discussing the possible joint production of the aircraft in China, but the talks were only in their earliest stages.

• CP Air Vancouver is to swap its fleet of four Boeing 747s for four DC-10 aircraft owned by Pakisian Inter-national Airlines, Bernard Simon reports from Toronto. CP Air. Canada's second largest airline, said the exchange was aimed at expanding its international network. The 257-seat DC-10s will allow more frequent

Bush gives little comfort to HK on protectionism

BY DAVID DODWELL IN HONG KONG

THE U.S. Administration remains firmly opposed to pro-tectionism and will fight such moves in the Senate, Mr George Bush, U.S. Vice President said in Hong Kong at the weekend at the end of a six-day tour of China.

He warned however that the free-trading territory of Hong Kong could not expect a special case to be made for it if the protectionist bills now being pressed in the Senate were passed.

"If the protectionist tidal wave comes rolling through the Pacific," Mr Bush told American businessmen in Hong Kong, "it is unlikely to distinguish the innocent from the guilty."

The message brought no comfort to Hong Kong's exporting community, which has in recent months become increasingly alarmed about restrictive trade

during which he had focused surged, especially from the heavily on trade issues between Pacific, he said. the U.S. and China. Resisting pre-sure to comment on his riers to free trade to be talks in the mainland, he lowered, he warned that the commented: "We have some differences with China. They know what they are, and we trade behind high tariff walls. know what they are. But we "There will be no more Mr Nice Curv while others continued to Nice Curv while others. is good." to violate The emphasis on trade nature he said.

ally spilled over into Hong Kong, where Mr Bush spent just 24 hours before returning to the U.S. Hong Kong is America's tenth-largest trading

America's tenth-largest trading partner, with two-way trade expected to reach \$1.2bm (£558m) this year. Hong Kong manufacturers are likely to suffer greatly if protectionist legislation like the Jenkins Bill becomes law.

Of greater comfort was Mr Bush's forthright attack on protectionism. "The Jenkins Bill is an unsatisfactory Bill," he said. The main aim of the Reagan Administration was to agree new terms for a general agreement on Tariffs general agreement on Tariffs and Trade (GATT) that would ensure "a more equitable trading system," he said. He did not think the U.S. was likely to go what he described as " the

community, which has in recent months become increasingly alarmed about restrictive trade laws being pushed in the Senate—particularly the Jenkins Bill, aimed at curbing textile sales to the U.S.

Mr Bush was speaking after a tour of several Chinese cities, lost in the U.S. as imports had the control of the U.S. as imports had the u.S. as impo

Calling for international barriers to free trade to be lowered, he warned that the both know that the relationship Nice Guy while others continue to violate existing trade laws.

World Economic Indicators

FOREIGN EXCHANGE RESERVES

August 85 7,894 24,106 36,874 18,698 4,081 7,537 May 85 20,968 3,258 8,417 France Source: IMF

X-ray systems for medical and technical applications, Graphic and Reprographic systems, Diffusion transfer systems, Office Copier and Microfilm systems, Audio and Video cassettes, Studio tapes for Video and Audio, Motion Picture Film. Photofinishing products, and, of course, Films for the amateur and professional photographer. Agfa-Gevaert, D-Leverkusen/B-Mortsel

ceiver for £4m.

New miners' union to start recruitment drive

BY JOHN LLOYD, INDUSTRIAL EDITOR

LEADERS of the new Union of thousands in other areas had al-Democratic Mineworkers (UDM) ready expressed interest. begin today to campaign for members in every coalfield in Britain, tion forms to all miners who ask for with the aim of replacing the Na- them - though six weeks must tional Union of Mineworkers elapse to allow for objections to the (NUM) as the largest miners' union.

The existence of the UDM was ensured over the weekend with the announcement of majority votes in the Nottinghamshire and South Derbyshire coalfields. The 1,500-1,600 members of the Colliery Trades and Allied Workers Associa-

tion, whose vote will be announced today, are expected to have voted overwhelmingly for the new union. The vote was a comfortable 72 per cent in Notts in a 90 per cent poll (17,750 to 6,792), but the slimmest of majorities - 51 per cent - in

South Derbyshire (1,286 to 1,260). Most miners in Notts, the second biggest coalfield in Britain, continued to work during the year-long miners' strike 'which ended last

March. Mr Roy Lynk, general secretary of the Notts area union and secre-tary designate of the UDM, said yesterday he and his fellow officials would meet leaders of the two other UDM sections this week to plan tactics for bringing in members. He claimed that some 10,000 miners in Yorkshire - the largest coalfield would come over and that many state aid for ballots.

The UDM will send out applicanew union before the Certification Officer, who overseas union mergers, gives the UDM full independent status.

Groups of miners have been quietly formed in all other coalfields who have expressed themselves ready to act as the nuclei of the UDM countrywide. Under the UDM rules, a section of the new union can be formed where 1,000 or more mineworkers in one area come together to affiliate to it.

president, yesterday met pro-NUM activists from the Notts and South Derbyshire coalfields. He said afterwards that the NUM would have branches in every pit in both areas.

He appealed to the Trades Union Congress (TUC) and the Labour Party not to recognise the breakan unions may attract some support way union and to the Labour Party to refuse membership to any MP or councillor who joined it.

In appealed to the Trades Union at between the two rival miners' at between the two rival miners' room fellow TUC general council-to refuse membership to any MP or councillor who joined it.

The decision of the pro-UDM miners comes at a bad time for the last night. TUC, already in crisis because of

TUC leaders fear that the new Notts union could serve as a focus for an alternative centre to the TUC, one which would be greatly strengthened if the AUEW - with THE NATIONAL Union of Minethe electricians' union, the EETPU, workers (NUM), is poised to sur-which has applied for state aid - mount one of the last obstacles to were suspended or expelled from

The TUC's finance and general purposes committee - its "inner cabinet" - will today formally reject the offer from the AUEW to put the case against state aid to its Im members before a ballot on taking the money next month.

Mr David Bassnett, general sec-retary of the General Municipal Mr Arthur Scargill, the NUM and Boilermakers Union, said the offer was a meaningless one and that the AUEW's actions were "very

> Mr Basnett's proposal, made over the weekend, to establish a "concil-lation commission" to seek to medifield, the NUM general secretary,

Pay talks between the National the refusal of the Amalgamated Coal Board and the Notts area - to Union of Engineering Workers to which the South Derbyshire area is end of the sequestration at a hear-ing fixed for November 14. obey the TUCs ban on accepting likely to be attached - are expected

NUM set to make move over **Nobis**

the removal of the High Courtappointed receiver who controls its

The union is considering giving an undertaking not to sue the Lux-embourg bank that handed over £4.9m of NUM funds to the receiver earlier this year.

The money had been deposited with Nobis-Finanz International when the NUM transferred £8.5m abroad to try to avoid court sequestration of its assets during the miners' strike. As a condition of the money be-

ing released to him the receiver, Mr Michael Arnold of accountants Arthur Young, had to indemnify Nobis against the possibility of legal action against it by the union. As a result £4m of the money has

remained frozen in a UK bank to The union will renew its efforts today to persuade the court to end the receivership. It will seek the

It was in many ways an act of faith. Mr Logue knew nothing

about carpets (he subsequently took a three-day crash course in the subcome back to the market for a pubject at Kidderminster, in the English midlands) and he had entered the industry at a time when cheap imports from Belgium and the U.S. were flooding in "My bank manag-er thought I was bonkers," he says.

Belgian prices were almost 40 per cent lower than those from British suppliers, the British workforce had fallen from 32,100 in 1978 to 17.900 at the end of 1982 and home sales by British manufacturers had dropped from 140m square metres in 1979 to 112m square metres three years later.

"It was a bad time to enter the industry," Mr Logue admits. "The position in Kilmarnock (central Scotland), home of BMK, was worse. There was a deep sense of shock within the company that it should have fallen so badly and gone into receivership. Commercially, it was

disintegrating. "But getting in at the bottom has its advantages. The situation can only get better. And I was helped by a realisation that the old practices. which had helped to bring the com-

pany low, could not continue." Mr Logue's act of faith has been amply justified. Three and a half years on BMK has doubled turn-

Carpet maker picked up off the floor THREE YEARS ago, with the Brit- over to £20m, turned the losses of was far too vertical. It was trying to "There was always a design team ish carpet industry in desperate £400,000 a month into a profit of do too many things for its own man-here but it was producing pretty trouble, Mr John Logue bought E800,000 this financial year, invest-BMK, one of the most famous names in the business, from the re-strong team and now sells a third of

Tony Morton reports how a Scottish company won a new lease of life...

rinanciai Times Sausuay October 19: 1303

its output of woven carpets abroad.

If this progress continues Mr logue hopes that within three years he will be in a position to come hack in the market for a new come carpets. It is well as the market for a new come carpets. It is well as the market for a new come carpets. It is well as the market for a new come carpets. It is well as the market for a new come carpets. It is well as the market for a new come carpets. It is well as the market for a new come carpets. It is well as the compact to much the receiver had already with pride, has enabled the compact to with pride to with pride the compact to with pride to wit

The Achilles heel." Mr Logue else is peripheral. This approach says, "lay in production costs. Wool came as a bit of a shock to those still here. They had been brought travelled 10 miles around the place still here. They had been brought from the time arrived to the moment it was shipped out as a carpet. There were six plants in the town sufficient justification." and the handling costs were enor-

As part of a rationalisation plan Mr Logue has concentrated produc- ception of the occasional month it tion in one large riverside complex and a small part of a second building which only handles the produc-tion of felt. Some 500,000 square feet of space has been demolished and a sale-and-leaseback with the Scottish Development Agency alWhy should Mr Logue, a self-conlowed the company to raise fessed beginner in carpets, have

Mr Logue admits he was helped by the work undertaken by the receiver before his arrival. The one hands. I had recently been divorced time workforce of 1,500 had been pared to 180 and stocks of raw materials and work-in-progress greatly reduced. BMK, once one of the largest employers in the town, had been reduced to the status of just an-

other medium-sized concern One of the other flaws of the original corporate structure," Mr Logue says, is that the company carpets lies in style and design.

weave and sell carpets. Everything Marks & Spencer stores in Banks have seen it work and that has been

The principle has worked admir ships and the lably. BMK came back into profit by in Hong Kong. the autumn of 1982 and with the exhas remained in the black ever since. As sales have increased so the workforce has expanded. It employs around 440 people and Mr Logue is looking for £2m a year profit in two to three years' time.

staked all on a failed company at a time of acute depression?

and another Scottish company with which I was associated was doing nicely."
When he saw an advertisement

for BMK in the Financial Times, placed by the receiver, it was just the sort of challenge he was looking

He firmly believes the future in

routine things. It has been beeled

"My philosophy is to design, to be seen on carpets adorning

ry and Oxford. Others include Hyatt hotels in Indonesia and Tehran, a government up on different values. But they building in Helsinki, the casino at Menton, southern France, the Royal Caribbean Line's four cruise ships and the World Trade Centra

> "The most important step after" putting the company back on its feet was an export conference late in 1982," he says. "As a result, we started putting together the marketing tools necessary for overseas: sales. From there we appointed a manager for the U.S. East coast and then a strong U.S. sales force.

"Export success does not come overnight and it took quite a time for the U.S. to come good. But this year it has really started to go well. We have only tickled the U.S. so far. It is such a big market. Perhaps 97 per cent of it concerns carpets made from man-made fibres. There may only be 3 per cent left for wow en woollen manufacturers such as ourself but it can be a very profiltable 3 per cent and we intend to get some of it."

UK's wool clip, Page 8

Robots will lead to 'significant' job cuts

MOST EXPERTS on robotics think and U.S. respondents agreed that the increased use of robots in Britrobotics would be introduced only ish industry will lead to significant gradually into manufacturing, but job cuts by the end of the century.

They also believe that employers 2000. should take employees into their Most respondents in both coun confidence at every stage when in- tries believed that workers dis-

tegrated manufacturing, the British U.S.

troducing robots.

Those are some of the main find-trained and re-employed within ings of a survey, carried out by the their company. However, the Amer-Institute of Personnel Management ican survey emphasized that the with Industrial Relations Counselmain responsibility for this retrainlors, a U.S. consultancy that has ing rested with industry, while the conducted a similar survey in the British survey envisaged a responsibility shared between industry, In Britain, 113 people in business, the Government and the educa-

universities and research institu-tions responded. More than half Three quarters of the British rewere engineers or computer scien- spondents think the educational tists and two thirds worked in system is not geared to producing industry.

Defining robotics broadly to inbotics — a more pessimistic rechide both robots and computer in- sponse than that recorded in the

At the recent Labour conference,

pool's strategy of setting an illegal

Liverpool's leaders were adamant yesterday that certain options 🕆

such as cuts in jobs and services

rate rises and capitalisation of

ing the budget back into balance. They believe that the solution

should be more money from the

Mr John Edmonds, general secre

so as not to tie the hands of the in-

Liverpool to withdraw redundancy notices

BY IAN HAMILTON FAZEY

LEADERS of Liverpool's Labourplosive situation for Mr Neil Kincontrolled city council yesterday agreed to withdraw the dismissal nock, the Labour Party leader, who is visiting Liverpool today. notices which were issued to 31,000 Mr Kinnock had attacked Liveremployees last month as a result of the city's budget crisis.

Council and union leaders agreed deficit budget. to set up an immediate inquiry into what options were available to solve the crisis. This will be conducted by the treasurers of the Greater London council, Sheffield city council, Camden borough council in London and the under-secre tary for finance at the Association of Metropolitan authorities.

The idea of the inquiry was put to the council on Saturday by Mr David Blunkett, leader of Sheffield council. It will work on the problem tary-elect of the General, Municiurgently - Liverpool leaders pal, Boilermakers and Allied warned yesterday that the city Trades Union, stressed that every could guarantee to pay wages only possible solution would be looked at for another three weeks. Withdrawal of the redundancy quiry team. Politically unacceptable

notices and the agreement to the in-options could be struck out after-quiry has defused a potentially ex-wards, he said. Midland staff

in strike vote By Our Labour Staff

MEMBERS of the Banking, Insur ance and Finance Union (BIFU) in the Midland Bank's computer cen tres and other technical areas have voted in favour of a series of one day strikes. This is in protest at the Midland's decision to reduce the re tirment age for men from 65 to 60 the same as for women - at the start of next year.

Bifu has campaigned for a reduc-tion in the male retirement age, but is concerned about the position of short-service staff who may be forced to retire without having ade quate pension entitlements at Midand (A state pension is not payable to men until the age of 65.) The union said yesterday that some men would have to retire with pensions of only £1,400 a year.

Bifu says other big banks have negotiated a reduction in retire ment age which allows men the or tion to work until 65.

Distillers

AN ARTICLE on page 4 of Saturday's Financial Times said that Distillers "looks as if it is about to be taken over by the Argyli Group."
This should have read that Distillers "looks as if it is about to face a takeover bid from Argyll."

& FINANCE IS THE WAT

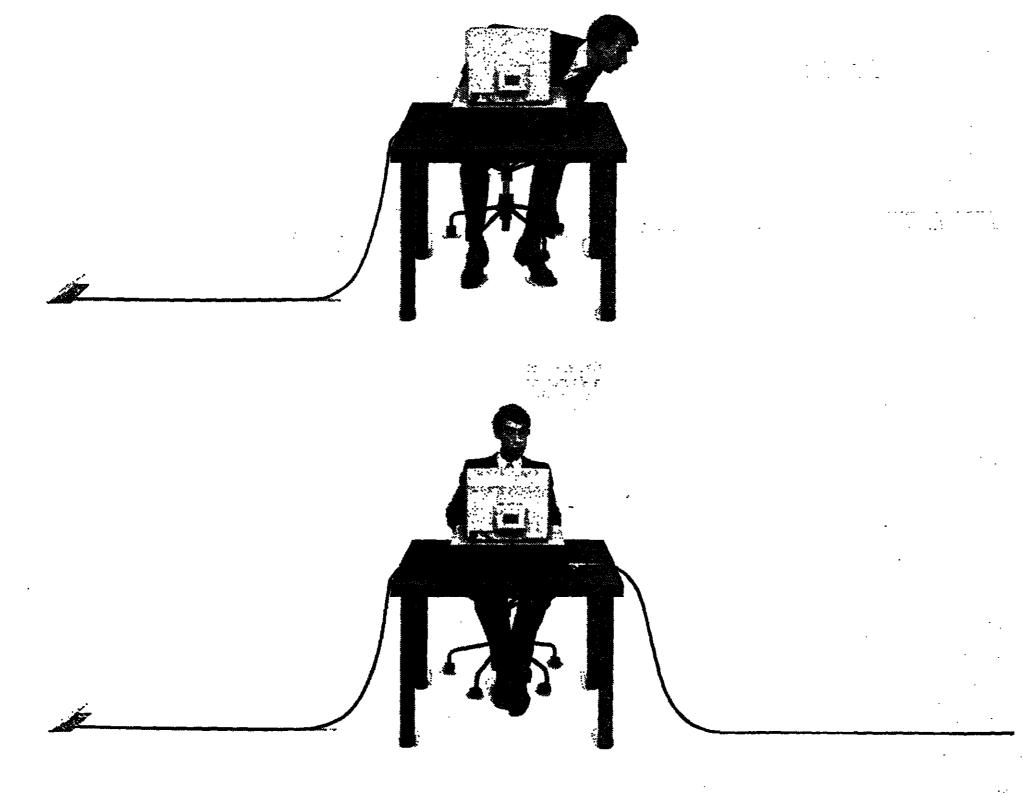
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UK NEWS

Industry funds, staff wanted for space centre

BY PETER MARSH

industry to provide some of the per-sonnel and funding for Britain's na-ly be an objection as this could lead tional space centre. The centre is due to be announced in the next few weeks and will co-ordinate the country's activities in space science

and technology.
This approach has led to a mixed reaction from Britain's aerospace and electronics companies. These companies are the main beneficiaries of research and development could lead to favouritism when contracts arising out of the country's space budget, which runs at about £90m a year.

commercial relevance of the space would fail to be seen as in commercial relevance of the space would fail to be seen to be centre. Others are unhappy that the dent and could be manipulated by arrangement could dilute its pressure groups from big authority and put a strain on their

for Information Technology, said in January he was setting up the cen-ernment's views that industry itre to knit together the work of gov- should be increasingly associate ernment departments responsible with, and to some extent financially for space. These are the Departresponsible for, state-organised rement of Trade and Industry (DTI), search activities. the Ministry of Defence and the Science and Engineering Research

dent the details would be finalised staffed by a secretarist, and indeby the summer. Problems in decid-pendent of both the Trade and ing on the funding for the centre Industry Department and the

the slow rate of progress. He said that expecting industry tory next to Oxford.

THE GOVERNMENT is expecting to provide some of the resource to an organisation with a greater

Other industry executives, who asked not to be named, said the approach could put an unfair financial burden on companies. If the centre were to be staffed with a large num ber of secondees from companies, i

handing out commercial contracts. The arrangement could also reduce the authority of the organisa Some companies say industry's tion A centre which relied heavily involvement should increase the on industry for money and people

Sir Robin Nicholson, the Govern-Industry is dissatisfied with the ment's scientific adviser, sent a re-Government's slowness in formu-port to ministers on the setting up lating detailed plans for the new of the centre several months ago. It

emphasised the need to involve in Mr Geoffrey Pattie, the Minister dustry on a "participative" basis.
or Information Technology, said in This stance fits in with the Gov-

Mr Pattie and other ministers ap cience and Engineering Research pear to have still not decided on their final approach. However, the At that time, officials were conficiently to be in London,

and how it will be run have led to Defence Ministry.

The centre would use the technidelays.

The centre would use I the cal facilities of two government-run cal facilities of two governments. the UK Industrial Space Committee research establishments, the and chairman of Thorn EMI Elec Defence Ministry's Royal Aircraft tronics, said he was disappointed at Establishment at Farnborough and the Rutherford Appleton Labora-

Rolls Royce may relaunch propellers

small advanced propeller engine has been so successful that the company has started design work that might re-establish Rolls-Royce as a manufacturer of the highest-powered civil aero engines.

The UK government-owned com-pany has started work on propeller engines to replace the most pow-erful jet engines used on the big-gest airliners. RR is the first of the big three international zero engine companies to admit that work is

The company's programme suggests that it might require £100m of capital spending just as the Government is preparing to privatise it before the next general election.

A decision on an engine demon-strator programme might be taken in two to three years, the company RR puts the cost of basic re-

search for its advanced propeller engines at around £10m. Up to £100m will be needed for full-scale testing of the engine. Full production is likely to cost over £1bn. The go-ahead for design studies

on high-powered propeller engines engines. These improfor the jumbo jet market gives RR attainable. RR said.

GE puts the potential of the pot

DEMAND for airline pilots is

picking up again as a result of UK air transport growth - and there could be a shortage of pi-lots by the end of this decade.

A conference sponsored jointly by the Oxford Air Training School and the Ministry of De-

fence was told that British Air-

ways expected to recruit 200 ex-

perienced pilots during the next two years from other airlines and

Other airlines represented at

the recent meeting designed to inform military pilots of the em-

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

British and U.S. aviation companies are considering the re-introduction propeller-driven engines. Lynton McLain reports on Rolls-Royce's plan which would cost more than £1bn to implement.

Air transport growth reveals need for more pilots

small to medium-powered propeller large-scale improvements in the engines to power 150-seat aircraft face of the rapidly diminishing rein the 1990s in place of conventional turns from development of existing jet engines. The U.S. companies jet engines. The company believes have not announced plans for highpowered propeller engines for the jumbo jet and Airbus market.

GE is ahead of its rivals in the production of the advanced propelper cent to 25 per cent with existing ler engines suitable for 150-seat airto be flight tested in the second half of next year, when RR will only have started ground-testing the gearbox technology for its competing design.

These fuel savings are viable with the advanced propeller engine, but it is impractical to build a higger advanced contra-rotating propeller engine for the largest airlinger.

ing design.

The engine companies have ers," RR said.
identified reductions in fuel conidentified reductions in fuel con-sumption of at least 20 to 25 per ameter propeller blades, half the cent for such advanced propeller height of a small house, would be in engines, compared with existing jet danger of hitting the runway if engines. "These improvements look mounted under the wings of a jum-

gine would have no gearbox, mak-ing it similar to the gearless, but unducted, engine produced by GE. The RR studies of a new, high-

powered engine with propellers comes after its poor performance in recent years forced it to stop devel-oping its RB-211 series to the high-est powers available from its U.S. rivals. RR stopped competing at the highest-thrust end of the engine market "You are never going to achieve

peller blades. That would cut noise

and act as a safety barrier. The en-

RR subsequently joined GE to share the U.S. company's technolo-gy on its CF6-BOC2 engine, with a thrust up to 62,500 lb making it one of the most powerful jet engines. In return, RR agreed to share its technology on its RB 211-535 E4 engine with 40,100 lb thrust.

RR was already in partnership with Pratt & Whitney as a partner in International Aero Engines on the V2500 advanced, medium-jet er gine for 150-seat airliners.

type of advanced propeller engine for production might be prohibitive for one company.

for the jumbo jet market gives RR attainable," RR said.

GE puts the potential fuel saving gine rivals, General Electric and Pratt & Whitney.

GE Pratt & Whitney and RR are working separately to reintroduce

GE puts the potential fuel saving separately to reintroduce

GE puts the potential fuel saving separately to reintroduce

MR said.

Smaller propellers might be a sotypes of such engines to cover the full range of short to medium and the propeller as a way of making propeller engines is to design a circular for one company.

RR is considering developing two types of such engines to cover the full range of short to medium and long-range civil airliners and has the propeller as a way of making propeller engines is to design a circular for one company.

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Business loan scheme * may be relaunched

PROPOSALS to inject fresh life in- LGS loans form part of the banks te the Government's ailing Loan general business portfolios.
Guarantee Scheme (LGS) will The UIC plan will be on

Mr Trippier and Lord Young, the Employment Secretary, have requested the Union of Independent Companies (UIC) a lobby group in-volved in drawing up the original scheme in July 1981, to produce plans for a new 1985 structure.

The UICs report will propose that the LGS should have its own separate budget which will be allocated in tranches to banks approved to disburse government guaranteed loans to small businesses. The banks will then form LGS portfolios which will be marketable to pension funds and other institutional investors, in much the same way that venture capital

Under the present arrange the Government places a £50m ceiling on the volume of lending it is

The UIC plan will be considered reach the desk of Mr David Trippi-er, the minister with responsibility ment's submission for the budget next spring and is modelled on the covernment-guaranteed loan portfolios marketed by U.S. Small Business Investment Companies.

Mr Bill Poeton, UIC President says the proposal aims to reduce larger than expected LGS losses by introducing more direct competition between the banks in small business lending.

Ministers are con the performance of the LGS, a measure designed to help small busi-nesses formerly denied access to normal bank lending. It was in-tended to finance itself by charging a premium to borrowers, but in fact has cost taxpayers more than £72m.

Demand for LGS borrowing has been slipping since July last year, when the Government cut the proportion of a small business loan it is prepared to guarantee from 80 per cent to 70 per cent of the total.

ployment opportunities in civil air transport, included Dan-Air, which said that of 65 temporary pilots taken on this year to meet traffic growth, 45 had been given

Other UK airlines seeking pilots include Brymon Airways, Loanair, Monarch, Cathay Pacil-

ie, and Bristow Helicopters.

Mr Colin Beckwith, general manager of the Oxford Air Training School, said that airlines

enced pilots during the next two years. The pilots would come from various sources, including those working in the business and general aviation sectors, but many airlines would have to "peach" from others to get what hey need, he said.

engines without doing something

During the recession of the early 1980s, the UK pilot force dropped from about 7,000 to around 5,000. The figure is now picking up again, and if expan-sion in UK air transport continues, there could be a shortage of would need up to 550 experi-

The situation is partly caus by the number of pilots who will soon retire and need to be

No UK airline has trained pilots from scratch since the late 1970s. It takes several years to produce a fully qualified "line pi-lot" capable of flying jet airlin-

British Airways expects to start such training again in the near future, but the new pilots will not be available for line duty

Labour Party plans attack on S. Africa policy

the armed services.

By Peter Riddell, Political Editor

THE LABOUR Party intends to attack the Government this week over its policies towards South Afri-House of Commons returns from its

this afternoon and will meet for about 10 days to complete business left over from the 1984-85 session. The legislative programme for the new session will be outlined on November 6.

Labour has chosen to debate South Africa on Wednesday, with Mr Denis Healey, the shadow Foreign Secretary, expected to argue that Mrs Thatcher's approach has

isolated Britain internationally.

Later on Wednesday, Mr Gerald Kaufman, the shadow Home Secretary, will argue that the Govern-

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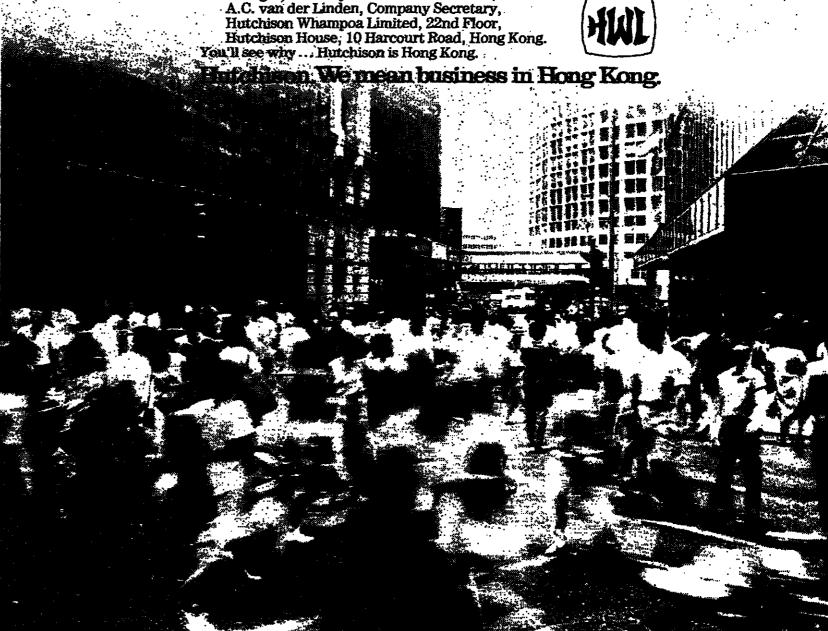
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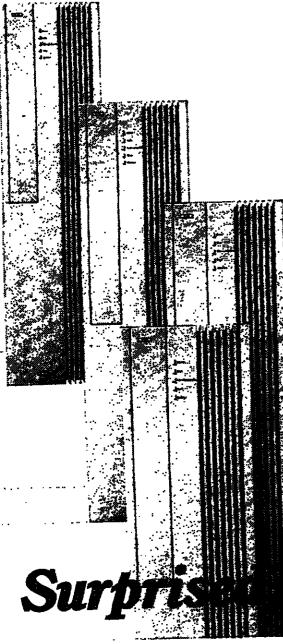
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Retailers disappointed by September sales

SALES IN shops fell below expectation and chain stores, Mr Salisse month of the new registration letter.

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SALES IN shops fell below expectation and chain stores, Mr Salisse month of the new registration letter.

SALES IN shops fell below expectation and chain stores, Mr Salisse month of the new registration letter. tailers expect some improvement during October, according to the latest survey of the distributive industry by the Confederation of British Industry (CBI) and the Financial

Mr John Salisse, chairman of the CBI distributive trades survey panel, said: "Sales volumes were still well above last year's levels and retailers expect sales to increase faster this month. Grocers and retailers of household goods, including cookers, fridges, and television sets, reported particularly good business, but shoe shops' sales were lower than in September 1984."

Other sectors that reported sales volumes lower than a year ago are confectionery, tobacco and newspaper shops, builders' merchants, farm machinery dealers and industrial materials wholesalers. Farm machinery dealers continue to ex-pect lower sales than in 1984 be-cause they have been especially hadly affected by this year's poor

Some of the smaller retailers, the corner shops, are still not doing

tailing industry, a balance of 67 per cent had expected increased sales in September, but only 45 per cent reported that the expected increase had materialised. A balance of 53 per cent is expecting increased

A total of 47 per cent expected to increase the volume of orders from suppliers in September, but only 37 per cent actually did so. A balance of 42 per cent is expecting to increase orders during October.

ported levels of sales in September to be held in October, with 44 per cent hoping to do better than they did in October last year. That is the lowest balance expecting an increase since April. Both retailers and wholesalers continue to report that their stock

levels are too high in relation to their expected sales, although the overstocking seems to have eased a little in September compared with

in September than in September 1984 - about the same proportion as expected sales to increase. A balance of only 5 per cent expect sales growth in October to be more than October 1984.

industry suppliers also showed slower growth in September, with the balance reporting increased or ders falling to 6 per cent, compared with 19 per cent in August. A balance of 10 per cent expect to place a smaller volume of orders in October Wholesalers are expecting the rethan they placed in October 1984.

There is evidence of substantial overstocking in the motor trades sector with a third of respondents saying their volume of stocks is too high in relation to sales and not one saying the stock level is too low.

distributive industry took part in the survey. Detailed results of the FT-CBI distributive traders survey for end-September 1985 are avail-As expected, the growth in motor able from the CBFs Economic traders' sales volume slowed in Sep-trends Department, Centre Point, tember after the predictably high 103 New Oxford Street, London

Britain heads for record wool clip

By Anthony Moreton

BRITAIN IS expected to produce a record wool clip of about 58,000 tonnes this year, a rise of 5% per cent on 1984. Australia is also expected to achieve a record; the clip is forecast to rise by 1 per cent to 797.000 tonnes.

The Commonwealth Secretariat. gives a warning, however, that Australia, which accounts for a large part of the finer wools that go into the production of clothes, would have to come to terms with a reduced rate of increase in output.

This year's clip, which should be the largest since 1971-72, will be only 1 per cent higher than last year, when the rise was 8 per cent.

360,000 tonnes is likely to be the lowest for six seasons and 3% per The secretariat also sounds a pes-simistic note on the level of activity

in the industry, suggesting that the cyclical peak may have been reached. Wool textile manufacturing in the 10 leading countries rose by 1½ per cent in the first quarter of

Labour claims value of asset sales greatly understated

BY PETER RIDDELL, POLITICAL EDITOR

from "unsustainable" sales of public in addition, some £12.5bn was reservor assets and North Sea oil and ceived from North Sea oil and gas. gas revenues, Mr Tony Blair, a La-revenues and from the gas levy. Tothe Government's accounts.

rmancial Times Saturday School 19

In a dossier released at the weekend compiled from official information, Mr Blair argues that the separate published figures for asset disposals substantially understate the receiving in various ways from the asset sales programme.

For instance, in 1984-85, in addi-

tion to just over £2bn identified in the special sales of assets proramme, some £2.54bn was re-eived from sales of land and build-In New Zealand, largest source of wool for carpets, the forecast clip of This item is officially treated as negative expenditure and deducted

This item is officially treated as negative expenditure and deducted from programme totals.

Some £430m was raised by nationalised industries from the sales of their sector such as the Wutch of their such as the wutch of the wutch of the wutch of their such as the wutch of the w of their assets such as the Wytch as negative items has been persistently questioned and criticised by Gas. These figures are reflected in the Treasury and Civil Service com-In total, these assets sales

MORE THAN 13 per cent of public 1984-85 compared with just under expenditure was last year financed from "unsustainable" sales of public In addition, some £12.5bn was re-

bour Party spokesman on Treasury gether with asset sales, this was matters, claims in an analysis of equivalent to 13.1 per cent of public. spending, up from 10.7 per cent in the previous year.

Mr Blair suggests the scale of true asset sales over the next two

He estimates that in its first six amount which the Government is years of the Conservative Government some £62bn was received from these two sources. Because many assets, like British Telecom have been sold for far less than they were worth, the deterioration in the underlying balance sheet for the public sector has been much worse. With North Sea revenues now facing decline, the Govern-

mittee of the House of Commons.

that it is reasonable to treat such

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LORD DIPLOCK, who died last civil liberties of the majority. sions to the court and restricted week in judicial harness after He wrote: "This is a statute oral arguments, rather than to the expansive orality of the

week in judicial harness after nearly 30 years on the Bench, possessed a huge legal talent, a penetrating mind and a gift for intellectual analysis and literary exposition.

Future generations of lawyers, who will assess his judicial quality mainly through the prodigious output of leading judgments over a wide range of the law, will doubtless rate him among the best this country has produced. To those who have been his contemporaries the judgment will be more critical.

While as a jurist Lord Diplock would be hard to fault, he never proceed to the majorny.

He wrote: "This is a statute which, however admirable its the expansive orality of the English process. Lord Diplock demonstrated this by the easy manner with which he mastered differentiate between one between one legislation emanating from actions with them. . . In the field of domestic or social intercourse differentiation in treatment of individuals is unavoidable. No one has room to invite one's friends."

Sometimes his logical approach had immensely power-wowed political attitude.

walle as a jurist Lord Diplock would be hard to fault, he never wore the mantle of judge easily upon his shoulders.

The gentler professional opinion would be that Lord Diplock had too great a zest for classification of the law, too much yearning for its logic. He epitomised the very opposite to what that greatest of all Anglo-Saxon lawyers, Justice Holmes of the U.S. Supreme Court, aspired when he wrote that the life of the law "has not been logic: it has been experience."

One felt so often with Lord Diplock that he had only the barest of nodding acquaintances with experience."

The law the common law of Englis. He gave of himself unstitution to the task of adapting to common law to changing soci conditions, while eschewing at avowed political attitude. His own life was wrapped around the practice of the law from the major of the modern English admistrative law it is Lord Diplock. He described the evolution of a system of public action of the law, too what that greatest of all Anglo-Saxon lawyers, Justice Holmes of the U.S. Supreme Court, aspired when he wrote that the life of the law "has not been logic: it has been experience."

One felt so often with Lord Diplock had to decline to lay evolution. His exposition of the state of administrative law in the GCHQ case last year is a masterpiece.

The harsher criticism comes from those who demand now the common law to changing soci conditions, while eschewing at avowed political attitude.

Even when he became ill three years ago be declined to lay writing another judgment last which he has made the major round the practice of the law it is logic. He espitement in his time," for which he has made the major round the practice of the law as "the greatest judicial which he has made the major round the practice of the law as "the greatest judicial which he has made the major round the practice of the law it is some the action of the law it is some the action of the sak of adapting to common law to changing soci conditions, while eschewing at the common law to the cask

development. It could not be dealt with as if it contained "only the axioms and corol-laries of a book of mathematics." Lord Diplock positively relished the task of unravelling the complexities of the law. He once claimed that the beauty of

He was ambivalent about that in the GCHQ case last year civil liberties, or probably was he entered a note in his note unaware that his logical book for the first time only on approach led him to come down the fifth day of the hearing. on different sides of the liberal fence. In some areas he was against authority. He heartily disliked the law of criminal conspiracy, and took every opportunity to decide that a on the other hand, he was one of the few senior judges who approved in the early 1970s of the move to end the accused's right to silence. On contempt of court he gave judgment either way. On race

One felt so often with Lord Diplock that he had only the barest of nodding acquaintances with experience beyond the Temple and the hunt.

Holmes declared that the law embodied the story of a nation's development. It could not be accurated the second. acquired the second.

Diplock never lost the respect and admiration of his profes

sional colleagues. Without him there will be no one to chart the route through the thickets

He had almost invariably found the legal solution to a case before he even came into court, and spent the time in court suiping at coursel for the complexities of the law. He once claimed that the beauty of the common law was that it was a "maze, not a motorway." side that was going to lose. Otherwise he paid little attention to the submissions of counsel. He was observed to say

He was quite indiscriminate on whom he poured his scorn. Even his fellow judges did not escape his brand of judicial humour. Once, when sitting in the Court of Appeal as the junior Lord Justice to Lord Denaing and the late Lord Jus-tice Harman, he gave the third judgment—after the other two had allowed the appeal—saying:
"For the reasons given by my brother Harman, I would dismiss this appeal."

relations he was distinctly cool

He would have been more
towards those suffering discrimination, regarding the
crimination, regarding the
legislation as undermining the

Diplock: a faultless jurist | Mixed reaction to licensing proposals

Last week the life assurance industry, insurance brokers and ments to in other interested organisations sion plans. abmitted their reactions to

There is no official system of licensing people selling life assurance, a gap that has caused some concern to Professor Jim Gower, the architect of the investor protection proposals

However, MIBOC now pro-poses that all people selling life assurance and unit trusts on a full-time basis should be

judicial performance, there was never any doubt about Lord Diplock's undivided devotion to the common law of England. He gave of himself unstitutingly to the task of adapting the common law to changing social conditions, while eschewing any avowed political attitude. His own life was wrapped around the practice of the law. Even when he became ill three years ago he declined to lay down his judicial robes. And he was painfully and slowly writing another judgment last Friday a week ago, only hours There is widespread accept-There is widespread accept-ance that there should be a licensing system and that it should have statutory backing. There is also universal accept-ance that the licence should be given after the person has attained a certain level of com-petence and adheres to some code of selling conduct.

When it comes to practicalities, any consensus breaks down and MIBOC is faced with a potentially bewildering variety of criticisms.

The problem facing any system of licensing life salesmen is summed up in the evi-

posits through with-profit con-tracts and unit-linked invest-ments to individual group pen-The proposed test of compe-tence would require salesmen to have a knowledge of all these

aspects, although they would now need to be capable of sell-ing all of them. The danger, according to Crown, is that such a system of testing will result in an un-acceptably low level of knowledge across too wide a range of products.

This, says Crown, will not protect the consumer. The dangers of setting the

The dangers of setting the tests of competence at too low a level are highlighted by several organisations, particularly the British Insurance Brokers' Association and the Pensions Management Institute. Yet, the Life Insurance Council of the Association of British Insurance Council of the Association of British Insurance companies—wards Miboc that a sudden leap to an over-ambitious scheme could curtail the life assurance market with adverse consequences for insurance companies, salesmen for marketing penand policyholders.

Mr Mark Weinberg, chairman

The BSA feels the Miboc to Miboc the Miboc by the Salesmen. It also feels that its shown training body should be involved.

The salesmen it also feels that its shown training body should be involved.

The salesmen it also feels that its shown training body should be involved.

Crown would like the testing protection of salesmen than for to be done in-house where facilities are available. However, the general opinion is that, for a scheme to have public as scheme to have public as a scheme to have public at a later date to amend and improve the scheme.

The answer may be, as suggestion oppears to may be necessary to relaw.

The answer may be, as suggested by Crown, for a system of specialised licenses at an early stage with no attempts to test the complete range. The material tested to a sufficient degree and should be automated in the protection of investors.

The answer may be, as suggested by Crown, for a system of specialised licenses at an early stage with no attempts to test the complete range. The professions such as accountants and solicitors, has a test.

AT THE end of August the Marketing of Investments Board Organising Committee set out proposals for a system of licensing life assurance and unit trust salesmen. It was the committee's first move towards protecting investors in the field of prepackaged investments.

AT THE end of August the Management of Miboc, said at the time of the issue of the consultative the issue of the consultative should be carried out through in-house schemes approved by the licensing committee and backed by a central training of salesmen the issue of the consultative should be carried out through in-house schemes approved by the licensing committee and backed by a central training of salesmen the issue of the consultative should be carried out through in-house schemes approved by a central training of salesmen the issue of the consultative should be carried out through in-house schemes approved by the licensing committee and backed by a central training of salesmen. The confirmation of the issue of the consultative should be carried out through in-house schemes approved by the licensing committee and backed by a central training of salesmen. The confirmation of the issue of the consultative should be carried out through in-house schemes approved by the licensing committee and backed by a central training of salesmen the issue of the consultative should be carried out through the licensing committee and backed by a central training of salesmen the issue of the consultative should be carried out through the licensing committee and backed by a central training of salesmen the confirmation of management. not able to provide such train-ing. However, the testing would introduce the business there is

The only problem with this approach is that an individual is often a poor judge of his or her own ability. ecome involved in training and The home service insurance companies — which market directly to the public through agents calling at the homes of policyholders — feel any licens-ing system must be flexible

The LIC evidence makes it clear that life companies would want to be involved in setting standards and designing the training schedule while the Unit Trust Association has indicated it should be the body involved with unit trust aspects of training enough to meet the underlying needs of particular salesmen. of training.

A warning on this aspect comes from the Building Societies Association, which sets out its interest by stating that about 12,000 building society staff sell life assurance—about 12 per cent of the total number of selections. The BSA is critical of the cost involved in a massive indepth training programme much of which will not be used by the salesmen. It also feels that its

Mr Mark Weinberg, chairman The Miboc proposals envisage countants and solicitors, has a test.

person involved—no matter how small the size of that involvebacked by a central training ment in life assurance—should scheme for those institutions be licensed. The general view is

no need for a full licence. Miboc suggests the Chartered The final point in the pro-Insurance Institute and the PMI posals relates to the position of existing salespersons. MIBOC proposes that people with at least 18 months' experience should be exempted from taking the competence test. BIBA considers the period should be three years.

The LIC feels that full-time The LIC feets that Illi-time salesmen operating on the day that the system comes into operation should be exempt and the home services companies are particularly concerned that the system should not deprive existing salesmen of their limits.

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rinancial times Saturday october 18, 1800

Geostar aims to circle the globe

LORRIES carrying spent nuclear fuel between atomic energy establishments in the U.S. are to be tracked from next year with a novel space-based message system which should improve management and keep a check on accidents.

Westinghouse, which operates the vehicles on behalf of the U.S. Government, has a contract with Geostar, a company in Princeton, New Jersey, which will operate a satellite message service from early in 1986. It will be extended to a navigation

system a year later.
Radio signals from a small box of hardware in the road vehicles will be sent to a control station via a transponder on a satellite operated by GTE, the U.S. telecommunications company, in geostationary orbit \$6.000 km above the earth. The vehicle is due to enter soace on board an Ariane rocket early

The hardware on the lorry could be linked, for instance, to equipment that monitors the condition of cargo to check if it has deteriorated or been tam-pered with. Such a system should enable Westinghouse managers to monitor the vehicles without asking drivers

world as well. By the early up by the System.

1990s, Mr Peter Watkins,
Geostar's director of European operators of vehicle fleets to development, thinks the commonitor the conditions or cargo

Peter Marsh reports on rival U.S. plans for extending the scope and range of satellite navigation systems

and know precisely where they are every minute of the day. The system could also pro-

vide a useful anti-theft service

on helping railway corpora-tions. With Guilford Transport-

ation, a company which oper-ates railways in the north-eastern U.S., Geostar has set up a joint venture called Railstar

to market a rail navigation service. Using the satellite data,

Mr Watkins says, this could specify the position of a rail truck to within 1-7 metres and so enable an operator to tell

pany could have 6m customers, i/cluding individual hikers as well as operators of rail or road fleets, who would be tuning into navigational signals from the heavens. The service, which could also

the service, which could also be used as a satellite-based navigation system for aero-planes, would compete with the \$6bn Global Positioning System, a satellite-navigation network being set up by the U.S. Defence Department, which will also be available to civilians.
According to Geostar, however,
the equipment in its system
will be a lot less expensive and
so should open up more

managers to monitor the vehicles without asking drivers to call in periodically by telephone or by conventional mobile radio systems.

Over the next few years, Geostar hopes to develop the service to cover not fust the U.S. but other parts of the world as well. By the early 1990s, Mr Peter Watkins, Geostar's director of European development. This is a polications.

In 1987, Geostar plans to have in orbit a second transponder package to follow the one due to enter space next year. Using signals beamed transponders, ground computers will then be able to work out to the positions of vehicles linked by the system.

The service will enable states the positions of vehicles linked by the system.

The service will enable states to develop the service will enable states to the positions.

In 1987, Geostar plans to have in orbit a second transponder package to follow the one due to enter space next year. Using signals beamed the positions of the positions of the positions.

The service without asking drivers to reproduce the produce package to follow the one due to enter space next year. Using signals beamed the positions of the positions of the positions of the positions of the positions.

The service without asking drivers to reproduce the produce produce produce the positions of the positions.

In 1987, Geostar plans to have in orbit a second transponder package to follow the one due to enter space next year. Using signals beamed the positions of the positions of the positions of the produce produce produce produce the positions of th

Geostar was founded in 1982 by Dr Gerard O'Neill, a space enthusiast at Princeton University. It was raised \$11m from private backers in the U.S. This private packers in the U.S. Tills has enabled the company to conduct experiments with radio navigation, for instance a series of tests using transponders located not on satellites but on the U.S. mountain tops in the U.S.

Discussions are in hand with large companies on a plan to obtain the further \$60m-\$80m needed for investment in space-craft and ground stations later in the 1980s.

for car owners. A radio trans-ceiver built into the bodywork According to Geostar's plans, the two transponder packages which it hopes to have in space by 1987 will be supplemented in 1990 by a purpose-built of a vehicle could continually relay messages via spacecraft to a ground station, so warning in 1990 by a purpose-built spacecraft. By 1992 it plans to cover the whole of the U.S. with two geostationary satellites, plus a further orbiting craft the owner if the car is moved without permission, without permission.

Mr Watkins says that as the service grows during the 1990s, manufacturers of expensive cars will probably incorporate his company's satellite-communication packages in their products as a matter of course, in the same way as they now put in stereo systems.

Geostar also has its sights on belying railway corporawhich acts as a spare.

The second transponder package — and all the purpose-built satellites — will both transmit and receive messages. A ground and receive messages. A ground station could thus send a burst of digital code to a lorry via the space hardware instructing the package on the vehicle to send a message. So operators would be able to check the position of vehicles at set times during the day.

A stumbling block to Geo-star's plans was removed in July when the U.S. Federal set aside two sets of frequencies

radio system GPS-One-way radie system Lerry's radio GROUND STATION

for use in a new radio-determination satellite service, most precise positional informa-tion (this page September 24). 1.610-1.626 GHz and 2.483-2.500 GHz bands, supplemented by an allocation in the 5 GHz band to be used as a communications link between satellites and ground stations.

Geostar's biggest competitor may prove to be the Defence Department's Global Positioning System, which will provide information about position to within 15 metres. The 18-satellite system will be used mostly by soldiers with small satellite communication packs and on tanks, airmen and naval officers.

tion (this page September 24).

The Geostar and GPS systems use a different approach which should theoretically make user equipment for the former less expensive. In the military system, radio equipment held by a soldier, for instance, will simply tune into messages transmitted from two or more satellites. The hardware, which will not be able to transmit, will use the satellite data to compute a position with sophisticated electronics.

satellite communication gacks and on tanks, airmen and naval user's equipment first picks up the satellite signal and then transmits a second message back to the ground station using the satellite as a relay. The ground they will lack the secure radio station, which will incorporate

puters, is responsible for the processing steps, while the user hardware is relatively unsophis-

ticated. This "one way only" arrangement is forced on the military establishment. Signals from user equipment that are required as part of the position-finding process are anathema. They could provide a source of signals for enemy radio officers and give away the positions of the other side.

Necessarily, however, GPS hardware will be very expensive. By about 1990, manufacturers are talking about a cost of \$5,000-\$19,000 or so for a GPS user set while Geostar hopes the cost of its equipment will be no more than about \$700.

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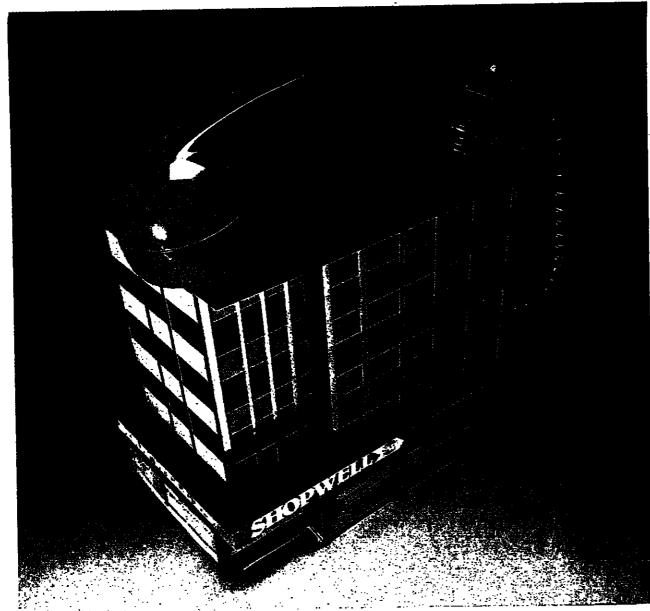
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THE FUEL OF THE FUTURE

Asian move to make hepatitis B vaccine

BY STEPHAME YANCHINSKI

A FLEDGLING biotechnology company in Singapore is working out details of an agreement which could affect the lives of milions of people throughout liver disease, and of these is negotiating with the U.S. campany Merck, Sharp and Dohme, for an exclusive licence to manufacture a genetically engineered vaccine against engineered vaccine against hepatitis B, a serious form of jaundice which is common in Asia and has been linked to

Singapore plans also call for the construc-tion of a production plant esti-mated to cost at least \$20m. In 1984 the economic ministers of the Association of the South-East Asian Nations agreed that such a plant should be set up as an Asean industrial project. This entitled it to financial sup-port from all the Asean counplans also call for the construcport from all the Asean countries, and that support took the form of equity investment in Singapore Biotechnology.

Construction was halted when

newer methods for manufacturing the vaccine based on genetic engineering looked likely to supersede existing technology, also perfected by Merck, and vaccinating millions of infants based on extracting the active based on extracting the active principle for the vaccine from infected human blood. The production of the vaccine

is only the latest phase in a massive campaign in Asiatic countries such as Singapore, Japan, China and Taiwan to Japan, China and Taiwan to detect and control the disease through widespread screening programmes and education.

According to the World Health Organisation a cheap, effective vaccine that even the poorer countries can afford is essential to eradication the discussion of the control of the essential to eradicating the dis-ease and the liver cancer that

seems to go with it.
Liver cancer is one of the 10 most common cancers in the world, and one of the most prevalent in the developing countries. A meeting of WHO

6More than half the world's 315 million carriers of the

develop liver cancer.

More than 315m people carry
the disease worldwide and more
than half of these live in the pacific region, providing a large
reservoir of infection.
The disease is often passed on by carrier mothers to their newborn child. Studies in China and Japan show that injection

of a vaccine within 48 hours of 6The factory will be the first outside

Japan to make genetically engineered products in Asia?

within the critical first 48 hours of life, and thus large quanti-ties of vaccine. Merck already sells an effec-

tive vaccine prepared from the infected blood of U.S. donors, but supplies of human blood are limited, and each batch must be tested over many months on chimpanzees which cost US\$6,000 each. This makes Merck's product expensive at around US\$ 100 a dose, and

around US\$ 100 a dose, and three are usually needed to complete treatment.

The strategy for making the new vaccine is to insert the gene coding for the active protein principle into the genetic material of yeasts. The yeast "host" cells then opey the gene's instructions, and make large quantities of the protein which can be harvested from the cell.

Merck's genetically engineered vaccine Hepvax II is already undergoing clinical trials in centres throughout Europe, the U.S. and South-East Asia, but other communication and her transmissions. disease live in the
Pacific region?

U.S. and South-East Asia, but other companies are in hot pursuit, led by Burroughs Wellsuit, led by Burroughs Wellsuit,

Mentor Graphics offers design aid for engineers

MENTOR GRAPHICS, the (CAE) workstations for es design, has a "hardware Issuched a "hardware societator" which greatly speeds up design work. Called Compute Engine, it

is an add-on processor which uses the latest techniques to produce a throughput of up to 10m instructions a second. A normal 32-bit workstation throughput is about one million instructions a second.

Performance on some CAE applications can be 100 times faster, says Mentor. Compute Engine can also be applicate to any or all the CAE tasks such as circuit simulation, Previous

Designs with the cost can be simulated directly on-

In the case of physical layout of the chip, their such as design rule checking, place-ment and routing can be run Comparie Engine conx. 225,800, and consists of a processor and a four mega-hyte memory board which ping into the Apolla DN 550 and 560 workstions, together with new activare. The top end, 20 megabyto version costs \$47,900, More on \$244, 482825.

BARCLAYS PREMIER CARD. IT OFFERS SO MUCH. TO SO FEW.



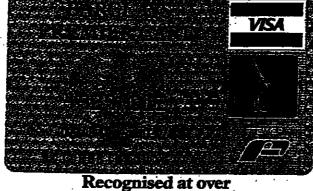
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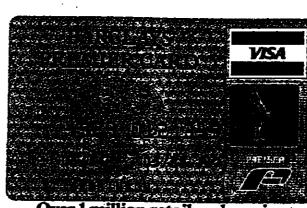
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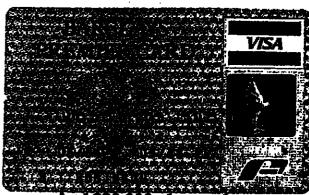
A charge card with no pre-set spending limit for purchases.



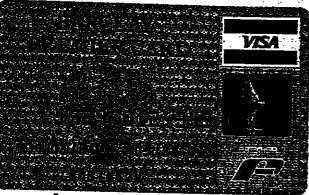
4.3 million outlets worldwide.



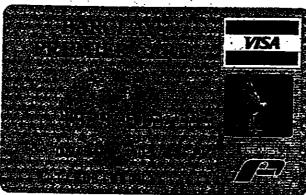
Over 1 million retail and service establishments in Europe alone.



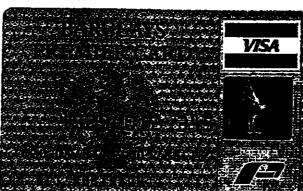
And 230,000 places where you can use it in the UK.



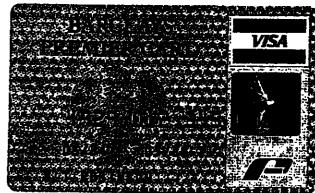
An automatic unsecured overdraft of at least £7,500.



An overdraft at a preferential interest rate.



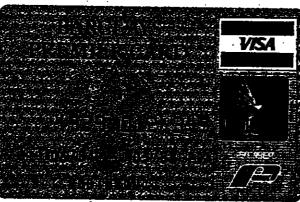
No other gold card is recognised at more banks worldwide.



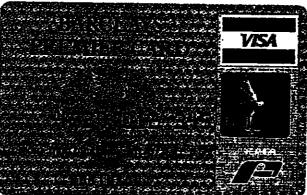
The card that's at home in over 165,000 Visa bank branches.



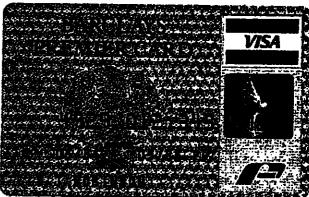
If you lose it, a new card within days.



Up to US \$5,000* cash facility if you lose the card abroad.



The card with more cash facilities than any other Gold Card.



Free tax and financial planning consultation.



Emergency office facilities in over 60 countries.



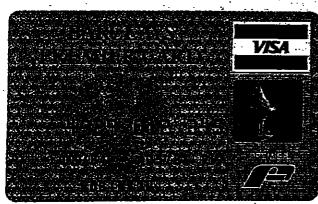
Emergency telephone, telex, copier and postal services.



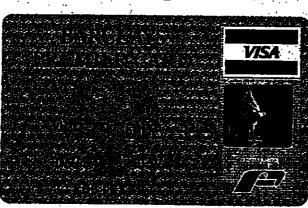
A 24 hour telephone service to pass messages to your Barclays branch.



The card that lets you choose the billing date.



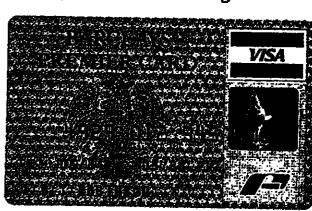
Travellers cheque service for Barclays personal customers.



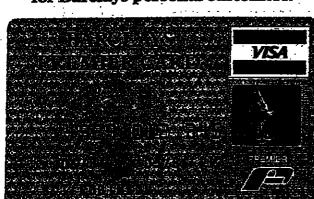
£1,000 worth of travellers cheques at I hour's notice at Heathrow.



A UK cheque guarantee card.



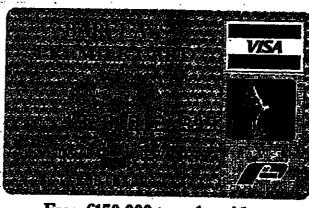
£100 a day from over 4,500 cash dispensers worldwide.



£250 a day with a Barclays cheque at most Barclays branches worldwide.



Additional cards for members of your family.



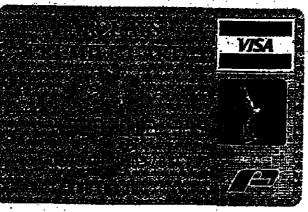
Free £150,000 travel accident insurance when you travel on the card.



Your family covered too, if their tickets are bought with your card.

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You can choose to settle your bill automatically by direct debit.





You don't have to move your bank account to get one.

Only those with incomes of £20,000 or more can qualify *Available in most countries. Supplied in local currency.

THE MANAGEMENT PAGE

AMONG the price lists for new cars at the back of Britain's popular car magazines and just above the entry for Nissan, the mighty Japanese manufacturer, a new name has recently appeared.

It is Naylor, a little Bradfordbased company which has so far confounded those sceptics who believe that few businesses come much tougher and are more susceptible to calamities than car building. In a former wool-weaving

shed. Naylor cars has assembled its first 40 vehicles and put them on the road at the rate of 10 a month. The cars are £14,000 replicas of a famous British marque, the MG TF. Its waiting list, prior to last week's Motor-fair at Earls Court, London, show, stretched to three months. After the demise of Jowett in the 1950s and the International Harvester's tractor plant seven years ago Naylor has brought vehicle building back to the West Yorkshire city.

For Alastair Naylor, who ran and still runs an MG repair and restoration business in the city and the other few men who struggled to raise film to just the new company together be-fore production started in earnest six months ago, it has been a joy to see the pretty two seaters with their 1.7 litre Austin-Rover engines on the

enterprises the 39 people now working for Naylor must live for the time being at least with the dangers and vulnerability of a fledgling life. Naylor needs to sell 16 cars a month, not 10, as up to now, to break even. The company is too small to justify dual sourcing of components and could therefore be embar-

ing list three times longer.
The Naylor TF 1700 using the A-R 'O' series engine and Ital gearbox with shortened gear ever and with a top speed of little more than 90 mph from its 77 bhp engine is also, arguably, expensive. It certainly has a limited market in Britain with customers so far matching almost exactly the profile the amost exactly the profile the company expected — affluent men in their 40s and 50s buying the ash-frame, steel-skin-bodied car as a second vehicle for themselves rather than their

tves. That is why Naylor is now gearing up for a sustained if picated business off the small assault on markets ground, especially if there abroad. It has its first left-hand- a sympathetic local authority model on show at Motor- and mearby enterprise board. drive model on show at Motorfair. Two orders have already
been notched up in Japan where
it is just securing type off course by the unexpected, hand building than Naylor sales for such a vehicle.



(L to r) Alan Davies, Alastair Naylor and Mark Butterfield: 40 Naylor cars are now on the road

Struggling into second gear

Nick Garnett on the production planning challenges facing a specialist car maker

Alan Davies, Navior's manag-ing director, who joined the company this year from GKN axles in Leeds where he was and could therefore be emparately and could have much as a market for 200 of these is a market for 200 of these cars a year."

Davies excludes North America because for that market the car requires signicant engineering changes to the power train for emission con-trol, bumpers and side panels to meet impact standards, and

approval and is now type. In the case of Naylor this was approved ready for West a leaking roof on its assembly Germany. we wanted to spread a wide longer repairs than expected and a major technical problem with the back exless half the back expected extensions and the back exless half the back ex

> lems delay production, but the delay upset relations with some of the smaller component pro-ducing jobbing engineers. "We had circulated them with our production schedule and then had to tell them to back off," says Davies.

Naylor also had to hold back Rockwell Thompson, the Mid-lands fabricator which makes the car's chassis, from fully tooling up for this job until Naylor's problems were ironed

Production delays also forced on the company changes in the way it expected to fund the business. Alastair Naylor had the idea of assembling a replica of the early 1950s TF back in 1979 not on the back of a basic "donor" vehicle but the completely resumed. out of completely new-made parts, from the wire wheels (imported from India) upwards. The Naylor TF 1700 has almost exactly the same dimensions as the original though its track is about 4 inches wider. It comes with indicators, modern door handles and controls, carpet, andio-cassette and

Five founder shareholders, including Mark Butterfield, the 30-year-old deputy managing director, together put in £13,000 to get Naylor Brothers Developments off the ground in 1981. Barclays Bank in Leeds offered a £15,000 overdraft

At the end of 1983 the first

As employment built up and This triggered already-negotiated contingent financing —enother £120,000 from the

The hiccup caused by techni-cal difficulties and the leaking

major injection of capital arrived with a £30,000 loan from the West Yorkshire Enterprise Board, £50,000 from Leeds-based Capital for Companies and £20,000 from private

three prototypes rolled on to the road the company went public last year, raising £360,000 via an offer of 1.65m 5p shares (though the issue was somewhat under-subscribed by the 100 investors who took shares). This triggered alreadysupportive enterprise board, £100,000 overdraft from

to meet impact standards, and to the peirol tank, which would have to be mounted inboard and forward of the rear axle. At the moment North America will have to wait.

The short story of Naylor reflects two things. One is that a good idea and hard work can attract substantial financial backing to get a rather complicated business off the ground, especially if there is a sympathetic local authority and mearby enterprise board.

Naylor's problems were ironed out. When Naylor was ready to resume production some of forced the company into raising additional capital this year through a zights issue in which the company also decided to ensure quality and delivery, about a third of the original suppliers have been replaced. Component producers include Holvoyd and Hall for the body. Naylor is just appointing ten and mearby enterprise board.

Coming with these tooling stration model available. The

the first bumpers, for example, came without the holes punched out to take the How U.S. companies are tightening indicators. control of health care costs

Several companies are in-

rolved in the battle to stop the

health care cost spiral.

In Southern California,
175,000 employees from 13 companies, including Rockwell

International, are participating in a new health benefit pro-gramme ("Met-Elect") that is

a stringent cost and quality analysis to become a "preferred

Metropolitan pre-

tinguciat times ostains), october 19 1900

FOR A long time, the emphasis on health care in the United States was on quality. Equipment, techniques and services had to be the best and up-to-the-minute. If one hospital had an increasibly sembleticated an incredibly sophisticated scanner, the other felt compelled to keep pace; the same type of "one upmanship" pervaded the ranks of physicians. If the patient's employer had a health insurance plan that

a health insurance plan that a health insurance plan that peid costs from the first dollar, it didn't matter to the provider of medical care or the patient just how big the bill was; "someone else paid it." And it certainly was not going to be truly out of the insurance com-pany's own pocket (not for long anyway). Thus, the insurers raised rates to the employer, who passed the cost on to the consumer, and the process kept repeating itself.

Times were good and no one worried that much. Willis Goldbeck, president of the Washington Business Group on Health, which represents over 200 of the country's largest employers, says that health benefits were being given away like cash in an envelope: "Employers did not look in the envelopes."
Then, things changed. Health care costs emerged as a monster with an enormous appetite, growing at a pace far

Williams and Glyn's and a fit40,000 cheap loan from Bradford Metropolitan Council's economic development unit.

By that time Naylor had bought from the council the 23,000 sq ft assembly building for £80,000 and the council mortgage covered 90 per cent of the building's purchase and refurbishment costs. Dennis Austin, former managing director of Lotus and year-long advisor to Naylor, became a director.

appetite, growing at a pace far in excess of the rate of inflation. Just a generation ago the health care bill in America was 4.4 per cent of the Gross National Product. Now, it's means about \$3500m annually. The cost of a one-day stay in hospital now averages about \$510, and hospitals account for 41 per cent of the health care bill. Health care benefits add shoot to the price of each Chrysler car. According to

Health care benefits add \$600 to the price of each Chrysler car. According to Intysier car. According to Joseph Califano, chairman of Chrysler's Realth Care Committee and a Washington lawyer: "... every time we made up a health care budget

at Chrysler, we exceeded it."
Clearly, the reasons for the
high U.S. costs are many and
complex, but after all the
analyses have been completed, the experts are all left with one over-riding message: some-thing has to be done to reverse the pernicious health Something is being done. A revolution is taking place, and its manifestations are having

• It is generally accepted that care bill to little or no increase.

Audit

up to \$1,000.

Errors in hospital bills are far too frequent. The Pillsbury Company tells its employees to

keep track of hospital services and treatment so they can audit the bill. When an employee discovers an error that is later

corrected. Pillsbury pays that person 50 per cent of the amount deleted from the bill,

Carson, Pirie, Scott and Company, the Chicago-based

department store and restau-rant chain, has a similar pro-gramme. Shortly after it started, Kathleen Goeppinger, a Carson vice-president, said: "The pro-

gramme won't save a fortune, but it lets employees know that

they are our partners in financing health care." The proportion of companies that check hospital bills jumped from 39 per cent

in 1982 to 68 per cent in 1984.
One company routinely sends
bills back to hospital marked,
"Returned for correction." In

75 per cent of cases adjustments

an impact on every facet of non-emergency surgery is often the medical scene. unneccessary. A second professional opinion may favour a different form of treatment, and the knowledge that a second opinion will be given may induce the first physician to give extra thought to the appropri-ateness of surgery. In the light of this, the Ohio firm of Borden recently initiated a plan for salaried and non-union hourly workers under which full cover run by the giant Metropolitan Life Insurance Company, There are about 1,800 physicians and 50 hospitals on the approved list, and the hospitals must pass is provided for employees who get second, or even third opinions. If they don't, the plan pays only 50 per cent of surgery-related charges. Owens-Illinois reduced the cost for hospital

stays by 18 per cent by using

provider." Metropolitan pre-dicts a \$11.5m annual saving in health care costs for the mem-bers. Preferred Provider Orga-nisations (PPOs) are hospitals, physicians and dentists who, as Programmes such as Borden's also encourage out-patient surgery at far less cost than when the patient goes into hospital. Uniroyal offers a \$50 groups, enter into contracts with employers to provide medical care for their employees at pre-set fees for less than the custobonus for every employee, dependent and retiree who mary charges. The trade-off is that these medical care groups chooses out-patient treatment for minor surgery, Since January 1984 this Connecticut company has awarded 1,400 secure a large patient pool which has a vested interest in using their services to save money. Employers give an assurance that bills will be settled promptly, commonly through a third party such as

• The Kellogg Company is in the vanguard of the growing number of employers energeticcost containment principles to employees. "When medical care is needed it is important to know how to shop wisely." states its health newspaper for employees.

Kellogg puts this approach into practical application through a "Patient Advocate Service" that helps employees and their doctors to explore quality care alternatives to hospitalisation. If the employee doctors are call the carrier hospitalisation. does not call the service before non-emergency admission, be must pay part of the charges that would otherwise be covered by the Kellogg plan.

• When the Bank of America saw the annual rise in health care cost pass the 20 per cent mark, management decided it was time for action. It increased the deductible amount which employees must pay, specified 40 surgical procedures that generally had to be performed on an outpatient basis and required second surgical opinions. The result of these and other cost contament measures held the 1984 health

Goodyear Tire and Rubber adopted a similar philosophy about employees picking up more of the bill. Robert Mercer, chairman and chief executive says that it makes em-ployees "think twice about when and where they go for medical care." The pace of health cost increase was halved. Such action reflects the trend. A recent study by the consult-

ing firm of Hewitz Associates revealed that the possibility of making deductions from em-ployees' pay existed in only 17 per cent of company plans as recently as 1982. By 1984, the percentage had jumped to 52 per cent.

Self-funding

Home health care is growing in popularity since it can halve the hospital cost for services such as intravenous feeding, "wellness" programmes to keep employees healthy are flourishing, employers are turning to some type of self-funding for their medical programmes, unions are accepting the realities of health care cost and often co-operating with management; these are all part of a phalasts of techniques throwaling the battle against health care cost. Home health care is growing care cost.

Summing it up. Americans are generally pleased with the quality of care they are receiving. It is not health, but cost that is behind the current revolution. One recent estimate showed the annual per person cost for health care to be: U.S.—\$1.500: West Germanv—\$900; France-\$800; and Great Britain

The subject of health care cost is not one to be ignored in other countries. Even more significant than some of the conceptual aspects are the practical realities of expense for American subsidiaries of major European, Japanese and other parent companies, many with thousands of American employees. Are they dealing effectively with the problem? That is a good question for senior parent company management as well as local U.S. management. Louis Kleber is vice president of Advance Retirement Systems,

Contracts & Tenders

الجزائس - ALGERIE

PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

ENTREPRISE NATIONALE DES CORPS GRAS

NOTICE OF PRESELECTION

In connection with its purchase of supplies of the following raw materials—crude colsa/sunflower oils

-hydrogenated oils and vegetable fats

-oil seeds the Entreprise Nationale des Corps Gras hereby issues a notice of preselection of

suppliers for 1986.

The purpose of this operation is to select possible suppliers of these raw materials for 1986. It is to be based on the following criteria:

—Type of bidder: producer/exporter

—Commercial and financial references

—Commercial and financial references
All bidders replying to this preselection notice are required to accompany their applications by the following information/documents, to serve as the basis for their "supplier" file.

—Name, nationality of the company, type of business, number in commercial register, capital, legal form of company, date founded.

—Whether a producer, subcontractor or retail company.

—Head office address, telephone number, telex number.

—Branch offices.

Branch offices.
Banker's name, address, telephone number, telex number, company's account no.

—Product 1150.
—Number of employees in 1981, 1982, 1983, 1984, 1985.
—Balance sheets for 1981, 1982, 1983, 1984.
—Trading accounts for 1981, 1982, 1983, 1984. Company's memorandum and articles of association, plus a list of the main shareholders.

Fiscal situation in Algeria and in the country of the head office.

-List of key management personnel.
-Capital breakdown if the company is a limited company.

Entreprise Nationale des Corps Gras, Direction Commerciale,

13 Avenue Mustapha Sayed El Ouali, Algiers, no later than 15th November 1985, the final closing date

Company Notices

NOTICE OF RATE OF INTEREST CREDIT FONCIER DE FRANCE US\$75,000,000

Guaranteed Floating Rate Notes due 1988
In accordance with the provisions of the interest determination agency agreement between Credit Foncier de France and National Bank of Abu Dhabi, Paris branch, dated as of 18th September, 1981. notice is hereby given that the rate of interest has been fixed at 812 per cent per annum and that the coupon amount payable on 16th April, 1986, against coupon No. 9 will be US\$216.44 and that such amount has been computed on the actual number of days elapsed (182) divided by 360.

By: NATIONAL BANK OF ABU DHABI

Reference Agent

BANQUE NATIONALE US\$ 250,000,000

Floating Rate Notes due 1997 Applicable interest rate for the interest period from 18 October, 1985 up to 21 January, 1986, as determined by the Reference Agent is 8} per cent per annum namely US\$ 2243.06 per bond of US\$ 100,000.

REPUBLIC OF MALI

Supply of Electrical Equipment, Machines and Stock of Tools for the renovation of Bamako's Electricity Network. International Notice of Invitations to Tender. In order to renovate Bamako's Electricity Network, the Energie

du Mali (EDM) Company is issuing an International Notice of Invitations to Tender for the two following lots.

Lot 1 — Supply of Electrical Equipment

Conductors

MV/LV Station Equipment Transformers and Accessories Network Accessories

Lot 2—Supply of Machines and Stock of Tools
Financing is arranged by the Association of Internationale de
Developpement, by CCCE, by FAC and by OPEC.
Tender documents will be available from October 15th, 1985
and may be obtained after payment of a non-refundable fee
of CFA 100,000 per copy, via certified cheque or money-order
payable to Energie du Mali, at the following address:

M. Le Directeur General Energie du Mali Bamako (Republique du Mali) Ambassade de la Republique du Mali 89, Rue du Cherche Midi 75206 Paris-France

Or may be forwarded via the most rapid means together with the same fee (please add forwarding fees). Envelopes containing tenders must reach the General Director, Energie du Mail, at the above addresses, at the latest on December 2nd, 1885 and 08.00 local time, either via registered mail with return receipt requested, or deposited at these premises (a receipt will be issued).

Envelopes will be opened on December 2nd, 1985 at 10.00 local time.

Company Notices

EASTRAND GOLD AND URANIUM COMPANY LIMITED

Registration No. 71 07001 85 (Incorporated in the Republic of South Africa) INTERIM DIVIDEND - FINANCIAL YEAR ENDING MARCH 31 1986

In the books of the commany at the clove of business on November 8, 1985.

The transfer Looks and registers of members will be closed from November 9 to 22 1985, both days including, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer sacretaries on or about December 12 1985, Registered members paid from the United Kingdom will receive the United Kingdom cirrency equivalent on November 11 1985 of the transfer sacretaries in 1985 of the transfer say, however, elect to be paid in South Abrican currency, provided that the required in roce is at this offices of the transfer secretaries in Joi annealing or in the Juited Kingdom on of before November 8 1985. The effective rate or man resident shareholders has is 15 per cent.

The dividen is payable subject to conditions which can be inspected at the bead and London offices of the company and also at the offices of the company's transfer for exceptions in Johannesburn and the United Klogdom.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Head Office: 44 Main Street Johannesburg 2001 P.O. Box 61587 Marshalllows 2107)

40 Heibern Viadata London EGIP 1AJ गागान

is issuing an International Notice of Invitations to Tender for the supply of electricity and water meters, divided in two Lots:

Electricity meters, circuit breakers, junction boards, etc.

Water meters and connected parts.

Financing is arranged by the Association Internationale de Developpement (IDA). Tender documents will be available from October 15 1985 and may be obtained after payment of a non-refundable fee of Cfa 100,000 per copy, via certified cheque or money order payable to Energie du Mali, at the following addresses:

·Amabassade de la Republique du Mali 89 Rue du Cherche Midi 75206 Paris - France

Energie du Mali Square Lumumba BP N 69

Bamako (Republique du Mali)

Envelopes containing Tenders must reach the General Director, Energie du Mali at the above addresses, at the latest on December 2, 1985 at 08.00 local time, either via registered mail with return receipt requested, or deposited at these premises (a receipt will be issued). Enveopes will be opened on December 2, 1985 at 10.00 local time.

INVITATION TO TENDER

London Regional Transport Bus Services

London Regional Transport invite tenders for the operation of a num of but routes, currently operated by London Buses Limited and I am Country Buses. users, will consiste to be marketed as an integral part of the London rangest servers, London Regional will maintain a number of controls over the stretces. Contractors will estimate a number of controls over the stretces. Contractors will not control to the contractors will not control to the contractors of the contractors.



29 Wakinsteen - Pebden 280 Prentford - States 105 Nagarden - States pd Resident-States 200 Voltameter-Cy pd Resided-States 2078 Ended - Publics If you are interested please contact Nick Newton on 01-117 BJIS for specifications, and a tender application form or write to bim at: Group Planning Department, London Regional Transport
Outsid Cizem House .: 45 Oxford Street, LONDON W1R 1LP Tender closing date 25th November 1986 Please note also that services 20s and 256 A are being tendened by Essent County Council. If you are interest please ring Mr. D. Whiteside on 0245 352222 extension 3



INVITATION TO BID FOR FROZEN LAMB MEAT Jordan Armed Forces lawise bids for the supply of (6240) Shr handr d are fourty before Tons of Frence lamb mast, platfinling forms and specifications are available at the following address lary. Named & Air Attaches, 16 Upper Philimore Gardens, Loedon Divers must be submitted in sailed swelches; and seat by Mad a representatives addressed to Brigadier Caderai Salem AlTu of Staff Addomistication. Head of Committee, 1AF MC, Air of Staff Addomistications.



UNITED NATIONS

CALL FOR EXPRESSIONS OF IXTEREST FROM

QUANTITY SURVEYORS MANAGEMENT CONSULTANTS

CONSULTANTS

The United Nations is seeking expressions of interest from Quantity Surveyor/Project Managament Consultants in connection with the First Phase (Conceptual Design) of the proposed construction or contersnce facilities at the headquarters of the proposed construction or contersnce facilities at the headquarters of the Economic Commissus for Africa in Addis States Ethops. The project involves conference rooms of varying sizes together with the support facilities required for United Nations conferences, i.e. simultaneous Interpretation systems, printing facilities, and dining facilities comprising in total approximately \$0,000 square thetres, printing facilities, and dining facilities comprising in total approximately \$0,000 square thetres, Expressions of interest are invited from suitably-qualified companies which are able to provide full Quantity Surveying services, Cost Planning, Value Managament, Scheduling, Contract Administration, Project Managament and related support. Expressions of interest should be concise and as brief as possible, but should include:

1. Name and address of the interested from and the specific group, division, atc. which is being proposed to undertake the work.

2. Specific project experience of the firm in comparable building construction project during the past test (10) years and details of contractual responsibilities in those projects, as well as information on affinations, where applicable, with firms offering amiliar specialised services in East Africa.

3. Summary curricule wither they present the following the responsibilities in those projects, etc.
Expressions of interest, is English, must be received by the United Nations not laber that 3:00 gm.

4. Additional relevant information, such as financial stetements, lists of current projects, etc.
Expressions of interest in the English must be received by the United Nations not laber that 3:00 gm.

4. Additional relevant information, such as financial stetements, lists of current projects.

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FT REGIONAL REPORT

MILTON KEYN

A key factor in achieving balanced growth in the new town has been the development corporation. Its proposed winding down has brought fears that the growth may be weakened



Ordered urban growth

Report by LORNE BARLING

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It is, for example, now taking on many of the better characteristics of American towns, particularly its grid system of roads which provide quick and easy access to most areas.

The vacant spaces, which were a major source of earlier criticism, are now disappearing and the integrity of the design is becoming an important asset. The powers held by the development comporation have led to far more ordered when

to far more ordered urban growth than could have been achieved in any other way, at the same time providing relatively low-risk opportunities for private sector building.

Designated in 1967, with work starting four years later Milton Keynes remains only about that completion.

Example via any other way, at the corporation in the composition in the composition

half way to completion.

The pace of growth has, nevertheless, been startling and the outlook for future develop-ment is excellent. However, the strength of Milton Keynes—the sense of direction it gets from the backing of Government creatifunds — are now under threat ture. from the proposed winding Equally, it had been impor-down of its development corpor- tant for the corporation to

ation along with those of Britain's other new towns. With the Government in the shape of Mr Michael Heseltine. LORNE BARLING

shape of Mr Michael Heseltine, then Environment Secretary, amouncing in 1981 that the corporation should disappear by the end of the decade, supporters of the Milton Keynes corporation have been lobbying been strong and often opposed feelings. But as the pieces of the giant jigsaw

shape of Mr Michael Heseltine, then Environment Secretary, amouncing in 1981 that the corporation should disappear by the end of the decade, supporters of the Milton Keynes corporation have been lobbying until 1995.

The officers of the corporation, as agents of the Depart-

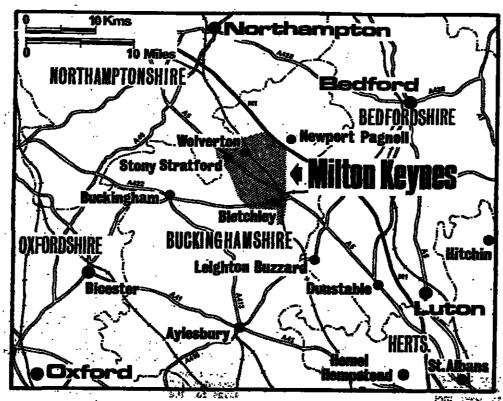
opposed feelings, but as the pieces of the giant jigsaw have fallen into place, there is growing agreement that it has become more and more attractive as a place to live

Doubts

Overall, the objective of the senior executives of the corporation is to create a "viable city" which will continue to flourish under its own momentum after the corporation is wound up.

Mr Frank Henshaw, general manager of the corporation, is doubtful whether this could be sustained if 1989 is named as the date for the demise of the corporation. This would have

created by the corporation has been a major factor in the overall development of Milton overall development of Milton Keynes—"the private house-builder has always been reassured by the fact that we have been attracting people to buy those houses, and factory owners know that we are creating industrial infrastructure.

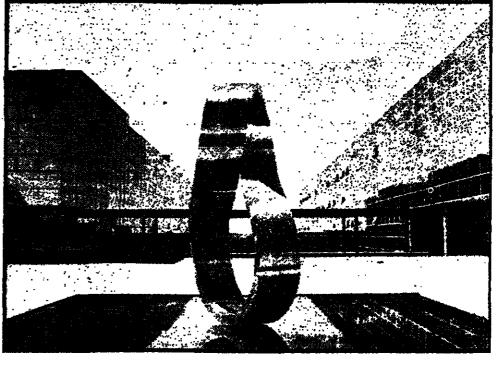


achieve its targets and thereby gain the confidence of the public utility authorities, such as British Telecom, British Rail, the electricity boards and water

These and other organisations had to be persuaded that there was going to be a need, based on population growth and other factors, for them to invest heavily to provide these services. Mr Henshaw believes that the cor-poration has been successful in achieving this.

To date private sector invest-ment of about filbn, at today's values, are calculated to have local authority inheriting an in-taken place in Milton Keynes, complete and expensive-to-run

complete and expensive-to-run



Offices in the centre of Milton Keynes. Left is Ashton House and right, Norfolk House

some of this debt to be written off, it imposed a more commercial regime—for example, requiring commercial returns to be achieved on investment in industrial or office property.

The recent ministerial changes, as well as the Government's need to consider its actions in electoral terms, are expected to have a bearing on the wind-up decision.

Third complete

It is estimated that that additional period would take the city forward to the stage of being about 80 per cent complete, and perhaps most important of all the arguments, it would make it a more efficient urban area to run.

This is because almost every aspect of development, from the provision of health services, schools, transport and public taken place in Milton Keynes, complete and expensive-to-run compared with about £500m in public investment, not only from the Treasury, but from local authorities, health and other public funding sources.

Mr Henshaw believes that far less public spending over the mext 10 years would generate mext 10 years would generate private investment of around which imposed high fixed investment of around the complete and expensive-to-run city.

It is accepted that the recent that fire recent the complete and expensive-to-run city.

It is accepted that the recent that figure is achieved, efficient use of resources will not be achieved. The central or "downtown" area of the city is now only area.

It is accepted that the recent that the recent the contral area.

Innovative schemes such as the Central

development corporation borgoing ahead fast, not more than rowing.

50 per cent of this area is While effectively allowing expected to be complete by

By 1995, however, this figure would have riser to 70 per cent, achieving the kind of employ-ment balance that has been planned all along. One problem, which could never be overcome, was the phasing of development so as to achieve the necessary

For example, until the rail-way station in the central area was complete, office development was unlikely to be a very attractive proposition, since the need for access to London was important. Equally, the railway station could not be justified until there was sufficient demand from Milton Keynes as

At this stage in the city's development, it is seen as vitally important to win and maintain the confidence of institutional investors in office flowing into Milton Keynes at a steady pace however, and it much to contribute to the completion of the central areas.

"pump priming" is unnecess-

development corporation, cover-ing planning, land acquisition and funding. One of the major fears is that a local authority taking over from the corpora-tion, stripped of these powers, would not have the ability to push ahead to complete the task.

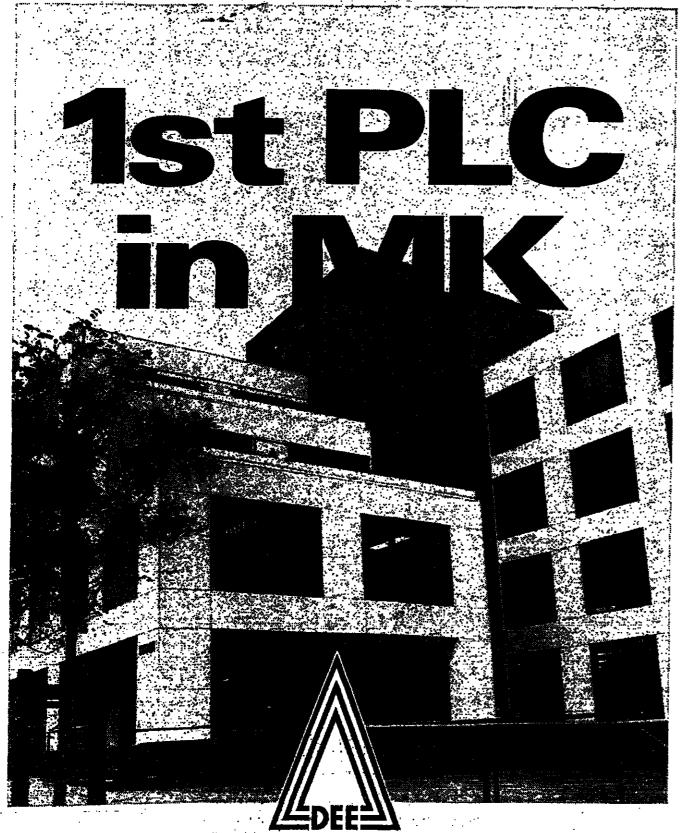
In addition, there are a number of awkward loose ends, such as the considerable amount ment corporation. There remains a large question mark over who should take over the ownership and administration of this land.

Overall Milton Keynes' case being granted a further 10 years development corporation status appears strong. Among the many arguments for this, probably the most valid is that for a relatively small additional investment by Government, a large amount of private capital

investment will be generated.

Private investment is already

sary.
Whatever the outcome, it is unlikely that Milton Keynes will be placed in jeopardy in any way, since so much has been invested in its success that it has an international reputa-As in other new towns, a key factor is achieving rapid and balanced development has been activities, and a strong growth



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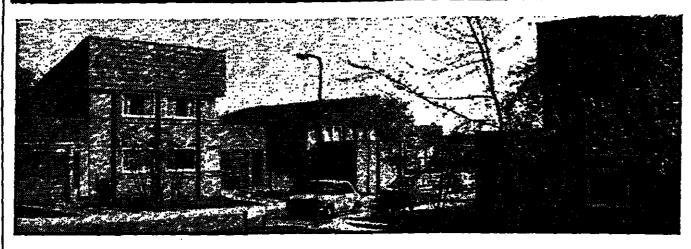
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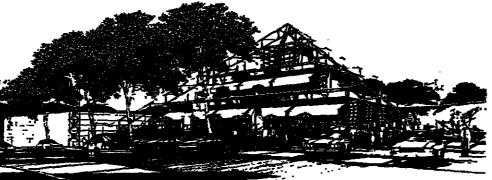
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MILTON KEYNES 2

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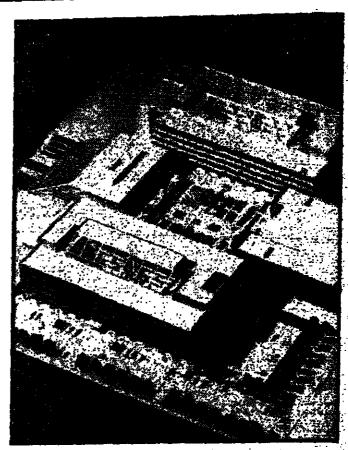




Above: new homes in the village of Shipton.

rmainal 1 mes Salardy October 14 1400

Left, a model of "The Point" entertainment centre. Right is a model of the Central Business Exchange (CBX). This £40m project will include four buildings around a central landscaped courtyard, containing offices, a 140-bedroom hotel, retail outlets and a leisure centre.



Successful balancing act between housing, public amenities and new jobs

Hope for new boom in office construction

MILTON KEYNES

GRAFTON COURT, CENTRAL MILTON KEYNES 3,535 sq ft to 18,734 sq ft -- £8 per sq ft STEPHENSON HOUSE, BLETCHLEY 9,680 sq ft -- £4 per sq ft MOUNT HOUSE, MILTON KEYNES 3,445 sq ft — £5 per sq ft LINFORD WOOD, MILTON KEYNES 2,500 sq ft to 25,000 sq ft — D per sq ft

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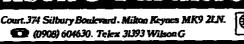
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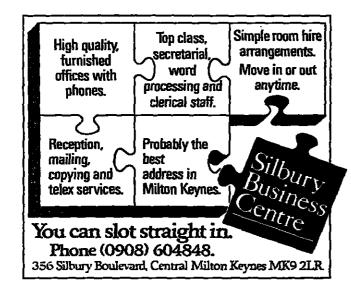
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Development prospects

THE GROWTH record of Milton Keynes since designation in 1967 is an impressive one: nearly 40,000 new jobs, 33,000 new houses built and a population increase of more than 80,000 to over 120,000.

The scale and pace of this development, unprecedented in the United Kingdom, has been based largely on the use of private and public funds, but has involved a vitally important balancing act in bringing for-ward the availability of housing, public amenities and other services at the same pace as jobs were being created.

Growth in Milton Reynes has traditionally been employment led, with the development cor-poration playing a key part in providing suitable industrial

highly successful one for the 24,600 sq ft of retail space, city but not untypical. More This will be one of four but than 3,900 new jobs were ings constructed around a central created, about 7,500 people tral landscaped courtyard. The bars, a restaurant and night-arrived and nearly 3,000 houses others will be the Winter Garchub. Plans are now under disagraged on the anticipated and the contral control of the control of

accurately on target, road con-struction is ahead of schedule, while city centre development is slightly behind though now catching up. In parallel with all this, manufacturing companies, leisur property developers, house-builders, major retailers and service industries have led in private sector development.

a new stage of development has been reached, with a number of prestige private sector projects being undertaken. The most important of these is probably the Central Business Exchange (CBX), an innovative development which could spark off a boom in office construction.

£40m project

Growth in Milton Reynes has traditionally been employment Unique in Britain, CBX is left, with the development corporation playing a key part in providing suitable industrial and leisure facilities situated under commercial premises, while at the same time publicising and promoting itself in the UK and abroad.

Last year, to March 31, was a highly successful one for the 24.600 sq ft of offices and lieve will help create a highly support of Government departments, local authorities and energy utilities; many of which could be required.

Nearby, an architecturally integrated business centre, with almost every facility which could be required.

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In planning, maximum use include the first purpose-built will be made of solar energy and could be required.

In planting offering both business could be required.

In planting offering both for the eager to try new schemes in such a controlled environment centre, and almost every facility which could be required.

gardens containing exotic plants and trees, with pools and waterfalls, created an unusual background for a wide range of leisure facilities. These include a swimming pool, restaurants, sports facilities and a night

However, it now appears that it new stage of development has been reached, with a number of prestige private sector projects being undertaken. The most important of these is probably the Central Business Exchange international company. The third building will be a

The fourth side of the square will be completed by a 140-bedroomed Trusthouse Forte hotel, which the planners be-

ment to a 200-acre area of the city designated as an energy park. It is the first of its kind in the world, and will include employment areas and housing with the complexity on the employment areas and housing with strong emphasis on the efficient use of energy.

The area will evently house 3.100 people and provide employment for about 2,000, while the planning ability of the development corporation has given the opportunity for a unique experiment, with funding largely from private investment.

Curbing energy costs

A major objective is to assist residents and businesses to rehotel, which the planners believe will help create a highly
integrated business centre, with
almost every facility which
could be required.

Nearby, an architecturally
normal entertainment centre

country, is nearing completion. local microdimate, such as by it will be run jointly by Bass providing wind shelter for housteining and AMC. (American ing areas, All buildings in the

park. New systems for supplying energy to groups of buildings, such as heat pumps and small combined heat and power (CHP) systems will be used where justified.

The £100m energy park was officially opened in February this year by Mr Peter Walker, Secretary of State for Energy and is expected to become an international showpiece for the efficient use of energy. The first 50 low-energy houses for the show village will be open in late summer next year.

These projects are a clear illustration that Maton Keynes is now able to attract invest-ment not only in the standard amenities but in some of the more innovative ideas which are suited to the relatively controlled environment of Milton

Keynes.
The energy park has received enthusiastic support from the European Community through its Directorate General for high technology companies. Energy, through which grants Milton Keynes is one of the

were completed, illustrating den, a dramatic building made that balance is still a priority. Predominantly of glass with a In housing development, glazed canopy roof sweeping to completions are now fairly accurately on target, road contractly on target, road contractly on target, road contractly on target, road contractly on the ground.

Inside, terraced landscaped landsc

EEC grants of up to 40 per cent were available for the installation of solar panels and monitoring equipment which could be used for demonstration purposes, he said. Two projects at Milton Keynes were receiving EEC grants, one relating to highly insulated houses, and another on the use of passive solar energy.

Mistakes avoided

Overall, the development of Milton Keynes has so far avoided the mistakes others have made. There are no high-rise buildings, very little 'drab concrete' and the large estates have been varied in style and building materials. Landscaping has been of a high standard. For these reasons, the prospects for future development now seem to be excellent, par-nicularly in areas such as infor-mation technology, since it has such a high concentration of

for solar energy demonstration systems are being provided for Milton Keynes projects.

Milton Keynes is one of the first locations to be served by Mercury's new telecommunications services with a first property of the first locations to be served by Mercury's new telecommunications services with a first locations.

Variety of clean-collar activities points to future trend

Information technology a prime growth area

Service industries

THE GROWING proportion of "service industraes" in a modern urban area like Milton Keynes may be an indication of that shape of things to come in Britain, and suggests big hanges in our industrial cities. Office development, largely to

accommodate activities such as insurance, accountancy, bank-ing, design and communications actitvities, is now picking up fast and these operations will

been a prime growth area, en-couraged by the development corporation, which has seen the considerable advantages in providing companies with the most up to date communications Milton Keynes will be one of the first urban areas to be served by British Telecom's Sys-

tem X digital telephone ex-change system, with its introduction scheduled for late this year and early 1986, while the "alternative" communications systems operated by Mercury is already operating.

The local cable television system has been expanded by BT, with four new channels now

available on subscription. Two extra services are being provided free of charge, one offering local news, information and advertising. Community viewdata started in July last year.

Financial advice

As part of the drive for business growth in Milton Keynes, companies in the financial services sector, such as banks and accountants, have had to in-volve themselves quite closely with a number of local initiates, such as Business Venture, offering advice and secondment of staff in some cases.
Accountants Peat Matwick

pened an office in Milton Kevnes in late 1980 and in five years this has a staff of four partners and 70 staff, reflecting the growth of financial services

A spokesman said: "The pro-fessional and financial services sector has built up a wide range of services including account-ancy, commercial legal services, insurance, pensions planning and chartered surveying. "Until recently these services

were geared only to the con-sumer, while the corporate market was serviced by firms outside the area. This situation has now changed radically." Clearing banks have also played an important role in

this year on behalf of the

It is part of the scheme to develop a national electronic funds transfer at point-of-sale network, and the Speedline experimental system is now being installed locally. About 30 terminals are being placed at a variety of leading retail shops, and the scheme will run for about two years.

about two years.

The system allows shoppers to pay for their purchase with a plastic card, which is wiped through a card reader and the customer provides a personal number. The cost of the goods purchased is transferred automatically from the customer's account to the retailer's.

One of the largest employers

One of the largest employers in Milton Reynes is the Open University, which was established there in 1969 and made a world-wide reputation for itself as a leader in the technique of the state of the s miques of "distant learning." It has 120,000 students, making it the largest university in the country, and around 2,000 staff in Milton Keynes, including 450

In addition to its degree courses, OU is offering an incourses, OU is offering an in-creasing variety of short, non-degree courses, and is also worked closely with the concentrating on business re-development corporation on a quirements. A number of man-number of projects, including agement courses are offered, as their own prestige office buildare courses aimed at updating ings at Saxon Court. The group

Buckingham University, the country's only independent uni-versity empowered to grant degrees, is also near lighton Keynes, offering undergraduate ment corporation staff have and postgraduate courses in several business related discip-

national standard hotel, and negotiations have recently been planners, concluded between the development corporation and Trust as a team.
house Forte for the "Office

certainly spawn additional service needs.

Information technology has been a paine growth area, enscheme in Milton Reynes later some £6m. Local architects as part of the CBX project, representing an investment of some £8m. Local architects Couran Roche have been selected to carry out the specialist design, and Robert Marriott has been awarded the construction

The five-story building will include a 150-seat conference room, capable of being split into smaller areas, and syndi-cate roms for smaller meetings

Building design

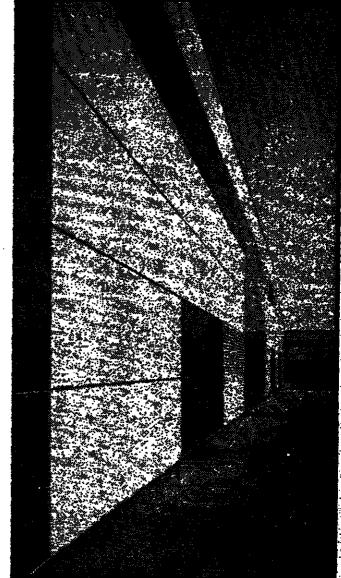
Professional services related to the construction industry have naturally grown fast in Milton Keynes, due to the fast pace of building and general development, one of the most notable being Interdec Design Group, which specialises in building design, detailed office space planning, fitting out and furmab -- 2.

Formed in 1972, the company is now publicly quoted and has been closely involved in the relocation of many companies to Milton Keynes. There is little doubt that in terms of cost savings alone, the use of a specialist concern such as this has its advanages.

students on technology in has also carried out work for business and industry.

Buckingham University, the Strauss (UK), Legal and General Assurance and Mon-

A number of senior developrecently moved to Interdec's Property Design Group, which was founded for companies moving to Milton Keynes, and One major gap in the services moving to Milton Keynes, and offered in Milton Keynes has operates as a consultancy. It been the lack of an inter-offers a full service covering architects, surveyors, space planners, electrical engineers and interior designers, working



These high quality flexible use premises set in low der landscaped environment for companies at the forefront of technology are at Linford Wood.

continually changing to respond and keep pace with advancing information technology, Mr Miller said, adding that there was an increasing need for this kind of work in the city. The need for business munications has also led to a rapid growth in public relations

and advertising agencies, which face the continual battle to persuade companies that they can be as good as London-based competitors, with the advantage that they are on the doorstep. Epigram Associates, a comunications consultancy, has drawn together an experienced

team with wide experience, is well-placed to compete on these terms, and has won a number of important local contracts, including that of Interdec.

A Service of a quite different kind is being offered through the Douglas Bader foundation which has chosen Milton Keynes for the development of a film rehabilitation centre for amputees. An appeal for this purpose has now been launched by the Reading-based foundation. Facilities will include a swimming pool, sports half, medical centre, golf range and

MILTON KEYNES 3

More than 150 foreign companies provide nearly 6,000 jobs

Healthy diversity of products on broad investment base

THE INDUSTRIAL and commercial base of a city like Milton Keynes has many built-in advantages, and a few slight drawbacks, but on balance it would appear to be an enviable wealth-creating platform.

Without the liability of labour intensive, mature industries which are causing so many redundancies in other parts of the country. Milton Keynes is relatively safe from the kind of disastrous unemployment experienced in nearby Corby.

It also has the advantage of a broad base of investment, since It also has the advantage of a broad base of investment, since an increasingly high proportion of local companies are foreignowned, and a healthy base of diversity. These factors should ensure that the effects of domestic economic slump, or sectoral downturn, would be minimised.

However, the high technology industries bring some dangers as well as advantages, as has been seen with the recent fail in home computer sales and the general decline in electronics profits. High technology often means rapidly-changing tech-nology, and unexpected cut-

Last year saw a net increase of 4,000 jobs in Milton Keynes, the highest annual growth since designation, and firm commitments made by companies during the year should bring a further 4,000 jobs this year.

There are now more than 60 North American companies 32

North American companies, 33
Scandinavian and about 40
Continental European companies in Milton Keynes, and
Japan, with more than a dozen local concerns, has recently been recognised as a potentially large investor. The total of more than 150 foreign companies now pro-vides about 10 per cent of the city's 58,000 jobs.

Recent property disposals to companies such as ICI (Electronics Division), Monsamo, Prime Computer and Sperry, are in themselves an important recommendation for Milton Keynes, since many relocation decisions are based partly on what other companies are doing. Another advantage of the city's concentration of hightechnology and foreign com-panies, is that many are likely to expand, and if they do so it will probably be locally. Such expansion has recently been undertaken by Ackermann Electrical Systems, Dafoe and Dafoe, Isringhausen (GB) and Snuggle-down of Norway, and in the longer term this type of growth is likely to be as important as

New premises

Purpose-built premises on development corporation sites have recently been built by three American companies, Monsanto, WD40 and Microwave.
Associates, and by three
Japanese concerns, Alps
Electric, Mori Selki and Hitachi
Power Tools which agreed to

keynes every week, according to the corporation, and about 10m sq ft of industrial floorspace have been built since

funds has steadily decreased and this year in net terms will be \$4m," the paper adds,
"In the early days, most industrial units were built for speculative letting funded by the Treasury. These advance factory units still form an important part of the industrial programme, but increasingly they are funded by private investment," it says.

The marketing of Milton Keynes is still regarded as a vital function, perhaps the most

vital function, perhaps the most important role of the development corporation, since private funds are essential to complete

funds are essential to complete
the development programme by
direct investment and the sale
of sites to other developers.
Marketing strategy has been
developed to "sell" the city as
a thriving, modern urban area
with the advantages of a rural
environment, a city where
varied lifestyles can be satisfied.
Heavy spending on advertising
is justified by the number of
jobs it attracts, the corporation
believes, and it is particularly
necessary in view of the strong
competition from other UK husicompetition from other UK business centres.

ness centres.

In the past few years budget cuts have made the corporation more aware of the need to spend effectively in all spheres, and more immovative financial schemes have been brought into use. Fortunately this has come at a time when industry and institutions are becoming more receptive about Milton Keynes.

Emphasis on training

A number of other factors have come to the forefront recently, namely the need to promote the use of high tech-nology, in conjunction with increased emphasis on training, and the need to encourage and support the development of

small businesses.

High technology is of course present in most local industries, and its promotion on a bread front is difficult. However, a major benefit in these major benefit in these terms is the present just outside Milton Keynes of the Cranfield Institute of Technology, which is responsible for about 50 per cent of the UK's commercial applied

research at universities.

The presence of the country's premier source of new industrial technology should be an attractive proposition, since almost every aspect of business, from management to hardware, its dealt with at Cranfield. is dealt with at Cranfield.

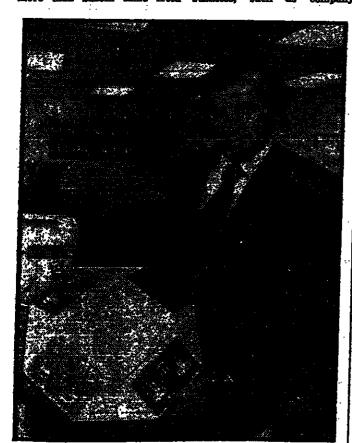
However, it has been nece sary to focus more positively on local companies, and the school of management has an-nounced three new programmes for them. These courses have been devised by Mr Peter Saunders, newly appointed to Cranfield's small business team and with special responsibility for developing local presponsibility. for developing local business

Cranfield School of Manage ment is one of Europe's largest and most innovative university develop new premises over a business schools, with 240 part and five-year period. Coca-Cola plans to invest a further £6m in its plant at Northfield.

On average, three new companies are established in Milton Keynes every week according to the corrections of the correction of the corr grammes, special short courses

about 10m sq ft of industrial floorspace have been built since designation.

The level of private investment has grown steadily, according to a background paper on the future role of private the future for the future role of private the future for the future role of private the future for the fut investors prepared by the cornew courses for local firms are poration. It points out that aimed at practical aspects of more than £125m came from business, such as company



man office in Militon Keynes to a major manufacturing plant with wide-ranging UK and export work within five years. He is demonstrating the newly-developed Technology Tile, de-signed for IBM, as a means of interlinking large groups of

this source in the past financial year, bringing the cumulative total from the private sector to filbn.

"Against this, the corporation's own investment of public funds has steadily decreased and this year in net terms will be £4m," the paper adds, "In the early days, most industrial units were built for speculative letting funded by the Treasury. These advance factory units still form an important part of the industrial programme, but increasingly they are funded by private are funded by private sources, mainly local to applicants who have been refused loans from other sources owing to lack of their development centre at Kiln the success rate of about 90 per cent in the sense that that proportion of about 90 per cent in the sense that that proportion of our wain objectives is to train people in management settle and private sector, backed by the county in the development corporation and 48 private sources, mainly local tident, lending up to £2,500 at commercial rates but only to applicants who have been refused loans from other sources owing to lack of the development centre at Kiln sources.

at favourable rates at its indus-trial development centre at Kim Farm, where a 20,000 sq ft factory has been converted for the purpose. For example, a special rate for unemployed starters is £1.75 a sq ft, and central services range from secretarial work to fork lift trucks.

secretarial work to fork left trucks.
Similarly, a complete office building has been converted for similar purposes, and this is now occupied by about 40 businesses and all rents are below mormal commercial rates. About one-third of those helped by the venture are unemployed, and counselling is offered by professionals seconded from local fessionals seconded from local

a potentially viable project. A number of small firms have been set up locally to take advantage of this aid.

Growth prospects

Above all, the future success Above all, the future success of Mikton Keynes appears to rest on the growth prospects of existing companies, among which are some solid household names, and some more exotic sounding high technology con-

One of the most important local employers is GEC Avionics, a GEC division which develops and makes airborne

of the most notable being Fox-hunter for the new RAF Tornado interceptor. It is the largest company of its type in Europe, employing about 725 people.

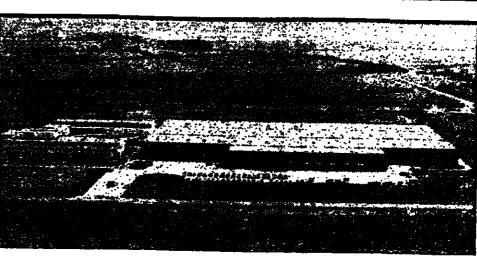
Some of the notable com-panies present include Coca-Cola, VW Audi, Burroughs Machines, Mercedes Benz, Minolta and Marconi, while the Menolta and Marconi, while the more recent arrivals include the U.S. computer company Compuware Corporation. Prime Computer is building a new R and D headquarters at Willen Lake.

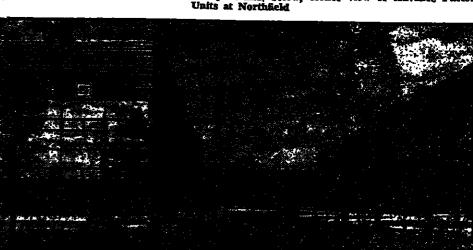
Other important names include Hoechst UK, Aston Martin Lagonda, Ashton-Tate, the successful U.S. software company, and Peridom. the fast-proving

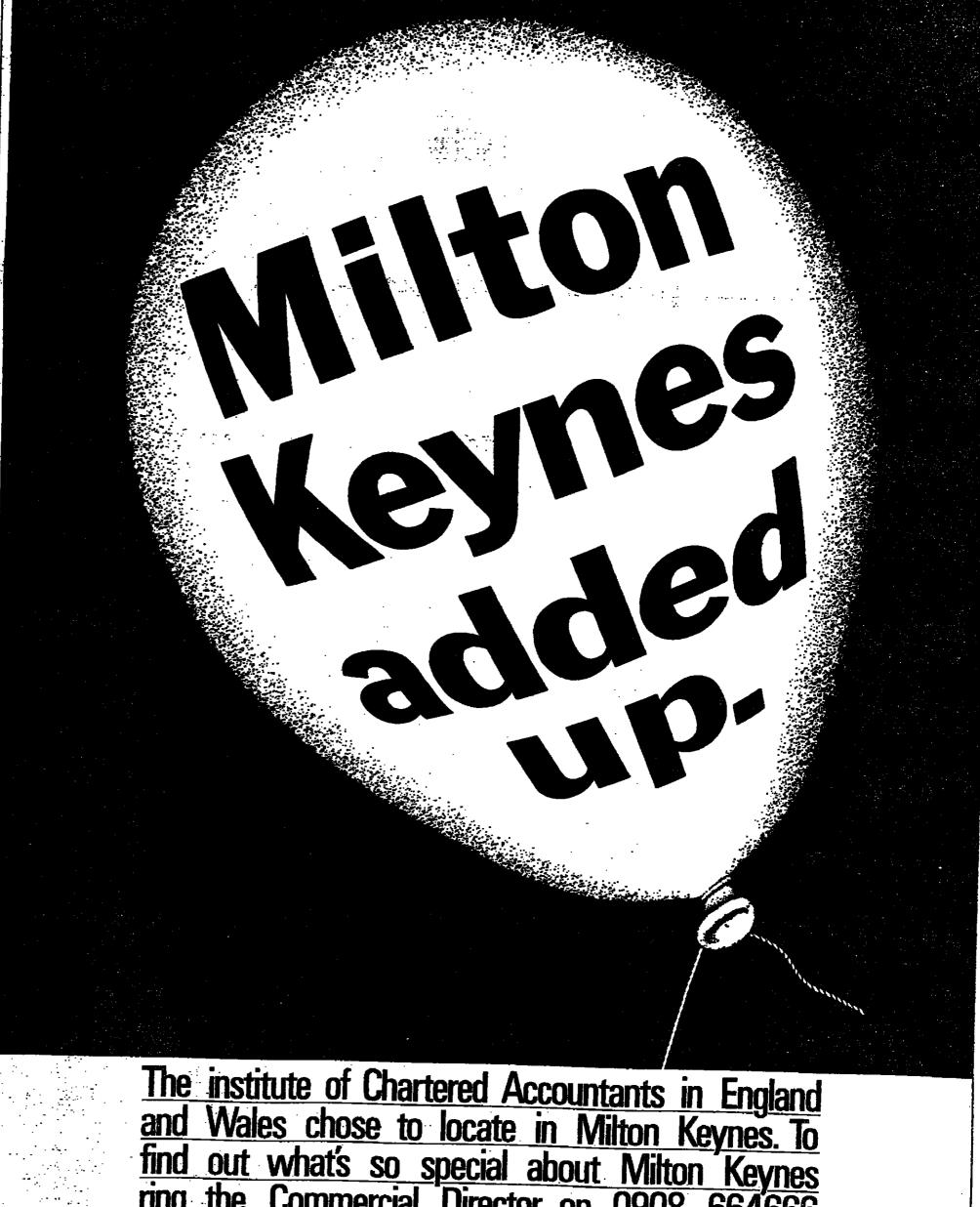
cessful U.S. software company, and Peridom, the fast-growing visual display unit manufacturer. In the field of robotics, the area is strong, backed by the Cranfield Robotics and Automation Group. It offers a robotics degree course, the first of its kind in Europe.

The robotics and automation rounsings are Science a Ph or better the robotics and automation rounsings are Science a Ph or better the robotics and automation rounsings are Science as Ph or better the robotics and automation rounsings are Science as Ph or better the robotics and automation rounsing are Science as Ph or better the robotics and automation rounsing are Science as Ph or better the robotics and automation rounsing are Science as Ph or better the robotics and automation rounsing are Science as Ph or better the robotics and automation rounsing are science as the robotics and robotics are science as the robotics are scie

companies are Scicon, a BP sub-sidiary, Asea (Europe's largest manufacturer of industrial robots), Babcock Fata, Reis Robots, VS Remek and Robot







MILTON KEYNES 4

Construction of the Central Business Exchange (CBX) is key factor

Drive for more offices

Property

THE CONSTRUCTION of new office property in Milton Reynes is now regarded as a key factor in the future developmint of the city, not only in terms of providing additional employ-ment, but in completing the central urban area.

The construction of the CBX complex is a major step in this direction, and architects are now working on the design for the second phase. The develop-ment corporation believes that the experience it has gained in the funding of phase one has been invaluable.

Inevitably, funding will become easier as confidence grows and the returns to institutions become more attractive. It is expected that a rental of £10 a sq ft will be obtained at the CBX, setting the pace for future developments.

basis.

Lettings

Lettings have generally been at rates of between £7.00 and

and other amenities.

The centre was established in

1982 and has served a number of major companies as well as

many small ones as a temporary base which offers maximum

convenience. It also caters for non-resident companies, now

about 30, which do not need accommodation, but to whom

Prices for 100 sq ft suites begin at £95 a week, £35 a day, rising to £220 a week for the largest accommodation. Meeting rooms cost £40 a day, or £30 for a half day. Display areas can also be rented.

According to Mr Bob Hill, commercial director of the development corporation, the letting of the 136,000 sq ft Avebury Building within CBX is likely to be crucial. It is of high special and the special speci fication and aimed at a major company as a headquarters, and an early letting would also pave the way for a stronger market. Overail, the take-up of office roperty has been fairly brisk

property has been fairly brisk in recent months, with Century Insurance of the U.S. taking about 80,000 sq ft. British Telecom nearly 75,000 sq ft, Stone and Webster engineering of the U.S. 133,000 sq ft and Pharmacia of Sweden about 35.000 sq ft.

All of this has been in speculatively built space. About there is real value in a prestige 90,000 sq ft of such space was address and communications let in the past financial year in 43 separate transactions to tenants including Rothmans UK. Plessey and Takenaka of Japan. In the autumn of last year, Scicon occupied the 83,700 sq ft rnase of the campus site from the development corporation, which had itself occupied the 69,300 sq ft Saxon Court as its headquarters in July. Abbey National Building Society occupied the Silbury Court to the sq ft of Silbury Court to the sq ft o headquarters in July. Abbey sq ft of Silbury Court to the National Bullding Society occupied its 192,600 sq ft adminiate at a letting of £7.35 a sq ft for strative headquarters at Sun Alliance Assurance. Con-Grafton Gate in the centre of nells, acting on behalf of Allied

Encouragingly, the development corporation has announced that terms have now permium on the basis of the been agreed for the disposal of passing rent of £12,000 a year. six office sites in the central area for owner-occupied buildings, ranging in size from the most spectacular, Bletchely 6,800 sq ft to 45,00 sq ft. These in the southern area has begun

will include the British headquarter of the Compuware Corporation of Michigan, and a new Crown building to bring inder one roof the government services within the city.

Due to strong demand for small office suites, the development corporation has let 24 of them in sub-divided space in in modern buildings outside the ground its amaller food shops and is expected to start trading in 1987.

The central "corridor" of the city has been pinpointed as the primary location for retail development, and efforts have been made to accommodate "retail warehouse" operations

them in sub-divided space in in modern buildings outside the Midsummer House, and to city centre can be as low as meet additional demand of this £3.50 a sq ft, but are generally meet additional demand of this f3.50 a sq ft, but are generally kind part of the Station South office building is also being divided into small units.

As this is seen as

s £3.50 a sq ft, but are generally all over the country. At Rooks in the range of £8.56.50 in the more desirable locations such as Newport Pagnell.

The success of the major retailing centre in Milton Keynes has mounted in recent years, with the continuous addition of important new shops, including Benetton, the Italian-owned fashion chain, while British Home Stores has expanded its store to include a food hall. As this is seen as a growth area, two speculative office schemes are now under construction to cater for the demand for small, self-con-tained office buildings. Viking Developments is going ahead with a plan for 12 three-storey with a plan for 12 three-storey units set around a landscaped courtyard, to be made available on a freehold basis. A similar and nearby corporation scheme, will be available on a leasehold hasis a food hall.

Earlier arrivals have included Habitat, Dickins and Jones, part of the House of Fraser group, John Lewis, and Marks and Spencer. These important names have not only given prestige to the shopping given prestige to the shopping centre, but provided the kind of quality goods which the in-creasingly demanding popula-£8.50 a sq ft, this figure being achieved for the BT offices in tion requires.

achieved for the BT offices in Central Plaza North, an Abbey Property Fund building.

At Silbury Court, the first floor continues to be used successfully by Silbury Business Centre, where 4,500 sq ft of space is let in small units, fully serviced with secretarial staff The next phase of retail development will be on the southern side of the central Milton Keynes shopping building, of two food superstores tum created by the arrival of major multiples will encourage range of shops already operat-

LIUSUCISI, TIMES SEGMAS, OCCORS, 18, 1800

which have become so popular all over the country. At Rooks-

formerly used as a temporary health centre, have now been successfully converted into four shop units, while at Wolverton the Agora development has now been fully let, the corporation said. Four the corporation said. Four local shopping facilities, regarded as essential local amenities, have been completed at Two Mile Ash, Furzion, Emerson Valley and Great Holm

Overall, retail development has needed to be generally encouraged by the development corporation, but as in other areas of activity, it is now expected that the momen-



Malcolm Brighton, managing director of DRS Data and Research Services: people in science-based companies like pleasant surroundings.

PROFILE; DRS

Advantage in living near to hi-tech offices

He points out that the major resource of science-based companies is people, and that they are the kind of people who like outdoor life, pleasant surroundings and easy access to their place of work.

DRS has two main activities: the provision of data scanning equipment and services; and the manufacture of data logging equipment. Both require highly qualified employees, and Mr Brighton believes that being in Milton Keynes has assisted him in finding the right staff.

While admitting to being on the board of development corporation, he is a total enthusiast about the city, much of which can be seen from the office of his brand new company building.
DRS was formed in 1969,

with backing from Kleinwort Benson, when Mr Brighton saw the potential of a scanning system, made in the U.S. by Westinghouse, with help from his company. Essentially, the system reads ticks in boxes at an enormously fast rate, 11 sheets of A4 a second, both

This offered great advantages for the analysis of market research, for the reading of

could be developed, mainly in the field of new methods of computer data entry.

executive and other light air-The company has developed a considerable amount of expertise about mark reading, and also automatic data-logging, quality of life in Milton Keynes has improved greatly in the such as is required to read water flows, rainfall or other information which needs to be logged over a period of time.
This had traditionally been carried out by mechanical means, with the need to trans-

fer recorded information manually to computers for further analysis. Five years ago DRS came out with its first solid

THE THEORY that high technology companies thrive in rural surroundings has a sound basis behind it, according to Mr Malcolm Brighton, managing director of DRS, a company which moved from London to Milton Keynes in 1975.

He points out that the major very high information storage capacity and built-in felemetry systems which enable information to be gathered down a phone line.
The applications of the

loggers are numerous, depend-ing only on the kind of sensor-fitted to them. They have been sold to countries such as the

philippines, China, France, Germany and Switzerland.

The data-logging system was developed largely to diversify the company from its optical mark reading product, but in the meantime this proved to be 2 success. Initially, DRS was: doing reading work on a bureau basis for customers, but later

sales started to pick up.
Organisations which handle
large quantities of data in this
form, such as insurance commarket research departments of major companies such as Unilever, are all potential customers. The company also provides consultancy on soft-ware, placing a lot of emphasis on after sales service.

120 workers

DRS came to Milton Keynes with 30 employees, and the figure has now risen to 120. Mr Brighton believes the move was multiple choice answer papers, the most important business and other kinds of repetitive decision he has ever made, for

and other kinds of repetitive checking work.

Despite all this, the company made a slow beginning due to lack of marketing experience and it was decided to move out and Milton Keynes is bristling with it," he says. "We sell with it," he says. "We sell with it," he says. "We sell with it," he says." intelligent man-hours, and you have to provide an atmosphere where people enjoy working." He said that many employees. lived very close to the office, and when they have a problem to solve will often come in at week-ends to get on with it. In London, with the need to commute, this very seldom

Try.

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happened. Similarly, the company would not have been able to afford to build new premises there, since the cost would have been about four times as high-"About half the staff live within two miles of the building, and that is an enormous advantage," he Says.



Jo Reid & John Peck

HOWARD WATSON SMITH & CO.

expected to be completed next month. It is part of the Central Business Exchange (CBX) development. Below, typical modern office development in the Linford Wood area

The Avebury Building, suitable for

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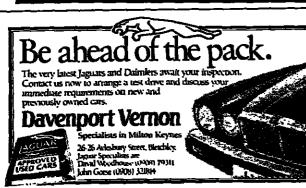
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Housing

HOUSING DEVELOPMENT in Milton Keynes has been the town's most important long-term undertaking, both in terms of meeting the demands of growth and establishing an architectural style for the emerging city.

More than 30,000 houses have been built in the city since designation in 1967, and by the year 2001 it is expected that a further 33,000 will have been constructed, of which about 90 per cent will be for purchase. Last year 2,862 homes were completed on corporation land, just short of a record number. The completions were made up of 1,653 by private developers, 301 through shared ownership, 249 housing associations.

tion and borough council, and 159 for specialist rental. Private sector building has provided the main thrust of

housing for many years, and Milton Reynes has proved attractive to developers, since they have been virtually assured of a continuous flow of

The development corporation, for its part, has retained tight control of many aspects of housing development. As each site is brought forward for development and infrastructure provided, plans are drawn up for the type of housing required. This covers size of property, style, and type of enure, such as rental or sale. Some advice is offered on type of materials to be used, and other guidelines given, before the site is "taken to the marketplace." A variety of

"While development in the

Mix of developers is successful

central area of the city has been

The development corporation pointed out that some developers have been working in Milton Keynes for a long time, but at the same time efforts are made to introduce new developers on occasions. Overall, this policy is deemed to have been successful.

In March this year, there were more than 60 private housing schemes under construction, and there were 55 sites where individuals were building on plots of land. The cost of houses for sale ranged between £17,500 and more than £120,000, and earlier this year the 10,000th sale was com-

Shared ownership housing has proved increasingly popular, and about 2,500 sales have been completed since this form share of the house and rent the increasing the owned

share by stages. This facility is offered both This facility is offered both record number of 481 sales to by private developers and the development corporation, and recently the Halifax Building 1,900. Recent increases in Society made available a substantial sum of money for rate of sales this year, shared ownership schemes, A household survey has which will effectively fund the construction of around 700 new homes.

Since the introduction of shared ownership, more than the number of middle-aged and

shared ownership, more than 80 buyers have gone on to achieve full ownership, while a total of 163 private developer homes were sold in the past financial year on shared ownership terms through special funding arrangements. It is expected that demand for shared ownership properties

mechanisms are used to choose will exceed supply during the

Major retailers have moved into the central shopping area

minutes outside

boundary, has facilities

There is little doubt that the

fewer unoccupied open spaces, and much more for younger

people to do in their leisure

There are two 18-hole public golf courses, and private courses at nearby Aspley Guise,

Woburn and Buckingham, an

important factor when American and Japanese com-

pany executives are choosing a

a successful bidder, such as current year.

tender, design tender or Demand for rental housing negotiation based on tender comes largely as a result of new craft. companies coming to the city, or existing ones expanding, and in the past year a total of nearly 2,000 incoming families has improved greatly in the past few years and the "New Town blues," once a matter of considerable official concern, are no longer such a problem.

Parks and other leisure areas have reached greater maturity, and the city increasingly has a sense of cohesion about it, with fewer unoccupied open spaces. were housed in this way, the water housed in this way, the majority having moved with or come to new jobs in Milton Keynes. Earlier this year, there was a waiting list of 600.

applicants who have already obtained local jobs.

The corporation said that waiting times for family housing were two to three months for priority categories and up to nine months for non-priority groups. Single people with high priority were now waiting between four and six months, while others had to wait up to two years.

Encouraged

Sales of development corporation houses to sitting tenants have been encouraged, particuof tenure was introduced. It larly on a shared ownership allows the buyer to purchase a basis where tenants are unable to afford full purchase, and about 90 sales have been achieved in this way. Overall, a record number of 481 sales to

> the number of middle-aged and elderly residents. About 80 per cent of residents were "pleased with life" in Milton Keynes (compared with 70 per cent in 1976) while about 70 per cent of people used the special "redway" outdoor routes for walking, and 23 per cent for

> cycling.
> The location of Milton Keynes remains one of its most impor-tant assets, both in business and social terms. From a corporate point of view it has the major advantage of being a few minutes off the M1, it is centrally placed within the UK and, increasingly importantly, relatively near to the booming East Coast ports for trade with

continental Europe. From a social and business point of view, easy access to London is of prime importance. As many as 66 rail connections a day are available to reach London, the fastest being fewer than 40 minutes from Euston

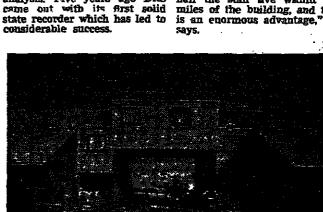
Access to London airports is perhaps the only problem, although the completion of the M25 is claimed to bring Heathrow within an hour's drive. Birmingham and Luton airports are of course easily reachable. while Cranfield airfield, only 10

site for relocation.

There are also three leisure centres with facilities for a

wide range of indoor sports, each with a theatre and swim-ming pool. Woburn Abbey and safari park, Towcester race course and Silverstone motor racing circuit are all within a short drive of the city.

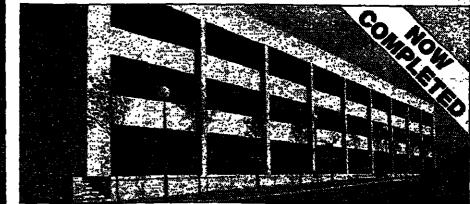
The city has a wealth of park-land within its boundaries with three large, man-made lakes providing venues for water sports and the canal and rivers



Portico entrance to rear of houses at Stant

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Architecture

Colin Amery

RIBA's national treasure of drawings

There exists in London the finest collection of architec-tural drawings in the world. But it is a pretty well-kept setret that 400 drawings by Palladio, work by Rubens, Scamozzi, Smythson, Talman, Palladio, work by Rubens, Scamozzi, Smythson, Talman, and all the great architects of the 19th century in England and many of the best of the 20th, are permanently available to scholars and the public at the Royal Institute of British Architects in fine premises at 21, Portman Square, London.

The exhibition at the Heinz Gallery at the same address runs until November 2. It is entitled in Parsuit of Drawings and presents a display that represents the past 20 years of collecting at the RIBA. It provides an opportunity to review the nature of the Drawings Collection, especially valuable as the RIBA is discussing the possibility of moving, the entire collection back to the instinutional headquarters in Portland Place.

In the last 20 years the collection has grown from 120,000 drawings to move the 250 one

こ 変

tion has grown from 120,000 thawings to more than 350,000. Without any public funding it has become the leading collection in the world. And like so many British cultural institutions it is under-funded, understaffed and at risk from bureautrace. cracy. It has curiously become the victim of its own expertise: the architectural drawing has acquired a market value that is enhanced by the very existence of the collection.

The distressing fact is that the RIBA has a purchase grant of around £3,000 a year. At most of the London architectural drawings sales North American buyers form the bulk of the purchasers, and the establishment of the Canadian Centre for Architecture and the deci-sion of the Getty Museum to buy drawings mean that the competition is stiff.

the RIBA already has some of the finest drawings in the world and promises of more if space can be found. The present exhibition reveals just the tip of the iceberg but it is enough to show the quality of the rest. I warmly commend it, partly because it shows an agreeable cross-section of architectural achievement from 1835 to the present, but also because it shows the intellectual breadth



A fine 19th century drawing of the Albany, Liverpool, by James Kellaway Colling on show in the Heinz Gallery

of the collection's curatorial root staff who have wisely realised Fi that architecture's future draw depends on an understanding Ven of the distant and recent past shown through drawings which map the thinking of architects. ompetition is stiff.

The visitor to Portman Square is first greeted by a model of the Coal Exchanga by James the RIBA already has some of Bunning (1802-1863)—a reminder of one of the lost glories of an be found. The present a reminder that the collection are supported by the collection and promises of more if space and the found in the collection are supported by a model of the collection are suppor The visitor to Portman Square houses some 60 important models—they are not shown to

> storage and maintenance raises problems. Another City building, the Wood Street Police Station by the architects McMorran and Whitby dominates the first

any advantage, alas, andt heir

compass it portrays me thought and inspiration of a great areist and designer. The whole of the magic world that Burgess was to create is enshrined in that one watercolour. Similarly, the Pugin paintings of his own house at St Marie's Grange, convey the essence of the Gothic mood.

the Gothle mood.

The sketchbook of the furniture designer and maker Ernest Gimson, a modest affair with graph paper pages, shows precisely the early design thought of this master craftsman. Immediately his work is made approachable. Similarly, the Swedish sketchbook of Sir Edward Maufe, made on his travels in 1924, reveals the source of his refined classicism.

The modern drawings have their own fascination. No one can claim much artistic merit for many of them but the cryptic planning exercise for Sheffield's Park Hill housing Sheffield's Park Hill housing development indicates a retreat into abstartet architectural theory that had little to do with the homes that were being provided. The designs for the Coronation and Festival of Britain have a sense of period chic about them that is refreshing. It is particularly revealing to see the model of Finnere primary school—a classic of the development group of architects at the imaistry of Education. In scale and colour it says everything about the aspirations of welfare state architecture at its best.

This display raises anxieties about the planned move of the collection. It is hard to see the point of moving into cramped premises where the space planners have already decreed that "there is no room for expansion." The RIBA should be looking at alternative amountainty. drawings by the late Michael Ventris, an architect who deci-phered in his short life the Minosa Linear B script. The drawing that explains some of his processes of discovery is ing at alternatives appropriate to the world status of the column in my view, sufficient explanation for the layman.

One of the great architectural greatest collection in the world. One of the great architectural drawings is in the first display why not think on that scale to case as you enter the Heim day for the future? An appeal Galiery. It is a small, potent for a mere £5m to squeeze the architectural fantasy by William Burgess (1827-1881) showing mises with the old library the glowing interior of a Gothic church with a green-robed giant church with a green-robed giant figure occupying a throne soir rounded by mysterious worshippers. It is a remarkable drawing hecause in one small inghest quality. greatest collection in the world. Why not think on that scale to-

La Bayadère/Palace, Manchester

Clement Crisp

Festival Ballet's triple bill in Manchester at the end of last week offered testing matters of stylistic understanding for the company's dancers. Paul Taylor's angelic Aureole entered the repertory, as did Natalia Makarova's staging of the no less angelic classicism of the no less angelic classicism of the programme taken up by the troubled emotions of Petit's L'Arléssense.

The problem for Makarova in and emoble the way the corps spousorship of Denmark's and emoble the way the corps spousorship of Denmark's de ballet stand, or take a pose, PRIVATbanken, to whom all thanks. One thing, though must limite of step. Generous be altered. A trumpery recompany's dancers. Paul bodies' ingrained balletic reactions, which emulsifies usual pokey English way in bery tricks out Minkus' enjoy-which girls stand, arms raised as if trying to listen to their effects, and Minkus unadorned with such gewgaws is wholly tells of Festival's Shades company the troubled emotions of Petit's work lived.

The problem for Makarova and emoble the way the corps spousorship of Denmark's de ballet stand, or take a pose, PRIVATbanken, to whom all or move through Petipa's subtanks. One thing, though must be altered. A trumpery recompany's dancers. Paul balletic or move through Petipa's subtanks. One thing, though must be prochement—so unlike the orchestration by John Lanch-new that is trying to listen to their effows, torsos unyleiding—with such gewgaws is wholly tells of Festival's Shades company to the prochement and emotions of Petit's angelie cassicism or move through Petipa's subtanks. One thing, though must be altered. A trumpery recompany's angelie classicism or move through Petipa's subtanks. One thing, though must be altered. A trumpery recompany's angelie classicism or move through Petipa's subtanks. One thing, though must be altered. A trumpery recompany's angelie classicism or move through Petipa's subtanks. One thing, though must thanks. One thing, though must be altered. A trumpery recompany is the subtanks. One thing, though must t

great credit of Festival's artists Kirov years, but more vitally, that they came through the test to pass on the lyric/classic style with almost all their colours whereby the Shades live in the flying, stylistic differences understood, bravely presented. Aureole was mounted (though the programme denied us the information) by Ruth Andrien, distinguished member of Taylor's company. She transmitted to her cast a central fact of the Taylor manner: a sense of ophysical dignity and grace of to Festival's dancers.

Kirov years, but more vitally, to passe, but more vitally, the she she slive in the Kirov tradition. Thus, from Ekaterina Vazem, who created the role of Niklya in 1877, by way of her pupil Vaganova, whose pupil Dudinskaya taught dishiput manner: a sense of the Taylor manner: a sense of of interpretation, is handed on physical dignity and grace of the tratistic bloads.

L'Arlésieume.

No cheating is acceptable in was not to reproduce Petipa's ballet has not looked so any of these, and it is to the steps, which she knew from her great credit of Festival's arists Kirov years, but more vitally, manner for years.

otherworldly grace, and Elisa-betta Terabust has not yet come to any terms with the role of Nikiya save those of unease. Peter Schaufuss' Solor took the stage in bravura fashion, gesture rich with echoes of the tremendous drama of love and deceit that precedes this

tells of Festival's Shades comprehending the idea of movement flowing, arrested for a pose, then continuing in broad phrases. Festival's corps dephrases. Festival's corps dephrases. Festival's corps dephrases. Festival's corps dephrases. Fréderi, the tragic hero of charlestenne. Petit's very stylised choreography for this Les Noccs of the Midl is centred upon a taut portrayal wariations to suggest a cool splendour of technique, an otherworldly grace, and Elisa-I have reported with admiration on readings by Rudy Bryans (who created the role), Danys Ganlo and Jean-Charles Gil. Patrick Armand makes the part his own in a performance marked by surpassing emotional clarity and physical power. Every nuance of feeling, each Spirit.

The text is clean, true. Where deceit that precedes this bold sweep of movement, spoke difficult they alone know — for succeeded—as she did with her classically trained dancers to complete staging for American restrict the exhibitating contrasts.

The text is clean, true. Where deceit that precedes this bold sweep of movement, spoke bold sweep of movement, spoke through the generous the characterisation.

Rigoletto/London Coliseum

Richard Fairman

Another change of cast keeps English National Opera's English National Opera's Rigoletto on the run. Such is the popularity of this Mafia-style production — twice seen on the television, many times revived in the theatre — that it must be difficult for the company to keep finding singers to fill the roles, but on Thursday night at the Collseum two new principals and the conductor were making their debut in it.

obvious commitment, it is easier to forgive the looser ensemble and even the obvious vocal difficulties as the main singers feel needed greater reserves of their way into their roles. Only a few coarse new ideas in the staging (much silly play with guns and blood-money) give cause for regret.

The impact of the needed greater reserves of vocal strength.

For the "Duke," a Mafia I leader, the production holds I still greater problems. Bontaventura Bottone. making his holds a ventura Bottone.

but on Thursday night at the Collseum two new principals and the conductor were making their debut in it.

It says much for the general heelth of the company that the show has stayed so vivd. If enything, the pulse in this revival has quickened, bringing an extra finsh of excitement as the drama reaches its peaks.

When so much is put across with cause for regret.

The impact of the production has not lessened with Terence Sharpe's Rigoletto. Nobody has the youth and some of the good looks, but is surely too slight in physique for such a downtrodden and pitlable does he seem in his ill-fitting jacket and shabby trousers that one might well take him for one of the good looks, but is surely too slight in physique for such a tough dealer. Fortunately his and shabby trousers that one might well take him for one of the good looks, but is surely too slight in physique for such a tough dealer. Fortunately his and shabby trousers that one with affection, Buttone phrastical debut in the role, has official debut in the role, has the youth and some of the good looks, but is surely too slight in physique for such a tough dealer. Fortunately his and shabby trousers that one with a file.

When so much is put across with longer are regret.

The impact of the production the role, has the youth and some of the youth and good looks, but is surely too slight in physique for such a tough dealer. Fortunately his Gilda, Joan Rodgers, is built on an equally modest scale and their long scene together went with affection, Bottone phrasing his vocal lines with longer, more generous breath than

one usually hears. Some strain at the top of the voice marred the enjoyment.

Each of the newcomers had disagreements over tempo with the new conductor, Martin Handley. It is unlikely that they were granted many rehearsals in the middle of such a long run of performances and the precision and detail which made the production so impres

The Merry Widow/Sadler's Wells

David Murray

one has had to admire the New in the original conception it Sadler's Wells Opera for their must have had to do with Pontevedrian provincials adrift in urhane Paris, and dignified operetta-stars have long pre-ferred to let that go. So do the With their new Merry Widow (a co-production with Opera North) one can actually admire the show—temperately, present lot; but Eiddwen Harrhy's toughly sensible widow maybe, but in good conscience. It moves at reassuring speed; still manages some athletic cavorting, and music like "Vilja o Vilja" suits her happily. Alan Oke's Count Danilo begins insufferably smug once the tacky first act is past, Camilla Ashforth's sets are neat and pretty; everybody can sing and the explosion of griseties in Act 3 goes off with a satisfyand languid but acquires more ing bang. Given an audience bite as things proceed, and he as willing to be pleased as the first-nighters were, it makes a sings with confident style. Sarah very amiable evening.

Lehar had terrible trouble with bass-lines, but he was a son has a useful little voice that Petipa has created, that it is all the more disappointing that little with the more disappointing that the more disappointing the more disa ing to be said: the plot of Merry Widow is a vanishing quantity, mimicking the routines of standard farce without conviction.
As translator, Nigel Douglas
has done his best work yet,
devising verses that scan musically enough not to fracture the tunes and lacing the text with anachronistic little jokes anachronistic little jokes ("Tranquillisers might help him, but they'll never be invented in time"). As producer he has managed plenty of henest, hard-

Prankfurt am Main, in October 1985

B

Sleeping Beauty/Covent Garden Clement Crisp

The Royal Ballet season opened on Thursday with The Siceping Beauty, a staging associated more than any other with the company's protraditions. With Mark Ermler as guest conductor, the initial bars of the score-electric chords followed by the spacious unfolding of the Lilac Fairy's theme—proposed a grand view of this masterpiece, only partially realised in the dance per proved in the transition passage formance.

Fortunately the RIBA has the

indication of the way in which Brightman's Valencienne, a the ballet must be presented, thoroughly unreliable little per so true a portrait of the world What she sees in her Rossillon What she sees in her Rossillon colour is washed out of varia-remains a mystery; Gleon tions by politeness and gentility. Winslade delivers his numbers competently, but would gain a logue, and it was Leeley Collier bit of self-parody. Julian as a bright, felicitous Aurora Moyles supplies a good, incisive who best opened up the vistas edge in the role of her deceived ambassador-busband, and the lesser players back him nicely. matter of Benuty's dances. ambassador-busband, and the nuance which are the real lesser players back him nicely. The times remain the main thing; the conductor Barry Wordsworth sails into them with exuberant affection and an for a thin character, dancing control.

securely, though I find certain

flicked hand gestures in the final pas de deux less than noble in style. For the rest, the company performance was decent, if not fully tuned after the summer's break. And I can still discern no merit in the fashion for dully powdered shoes among the female dan-cers it is unflattering to the choreography as to their feet.

proved in the transition passage between the Prince's journey and the Awakening. The Panorama music is now played as an entr'acte, and David Walker has provided new and handsomely bosky gauzes of the castle gates through which Florimund enters the palace, and further greenery to con ceal the palace interior before the breaking of the spell. The effect is spacious on dramatic terms, and more telling. Considerations of running time, I suppose, prevent an interval before the last act—as they do the playing of all the dances during the hunt—but the action becomes too precipitate thereby, and Chaikovsky's broad imaginative tive span, and Petipa's are weakened.

Andrew Clements

New London Chamber Choir/St. John's, Smith Square

The ploy of juxtaposing the 17th and 20th centuries has also a quartet of soloists (No. served the New London Chamber Choir and its conductor. The performances seemed about the less attractive side of the composer's personality that seasons. But at Smith Square off; there was nothing wrong with the baroque half, but the combination of imodern works left much to be desired.

The group of four of Schütz's carefully sung.

Padiment Davids that opened Schoener's Taves Satives the context was easily the most of the composer was at least a little pallid and too witty account.

Schoenberg was at least a similarly primitive elements: Medea Senecae was receiving its satisfying portion of the evening those chosen carefully at neoclassicism and "Little Kenakis's choral writing charmless muddle.

The Deliberate Death of a Polish Priest/Almeida Michael Coveney

anniversary of the intersection on a quiet Polish read of Father Jerzy Popieluszko and his driver by the Polish State Security Services. The details of this kidnap and murder are the subject of Ronald Harwood's sober courtroom documentary

Struan Rodger as Fr Popieluszko

delivering a sermon of the sort

Kevin Billington's production then relapses into the grey antitheatre of another thespian courtroom liberal bonanza, The Steve Biko Inquest. The four security officers stand in the underlit dock while the show trial proceeds apace. "A pace"

than adversarial. Hence the all the more effective for being evening's triumph of inert man-coolly recounted. But Mr Bilevening's triumph of inert manner over urgent material.

I admire Mr Harwood's nerve

in confronting the amassed material of the trial's transcriptions. But two questions kept drama. The evening opens with nagging away. First, what were the political and public forces that impelled these officers into that fired the popular imagina- the limelight in the first place? tion and troubled the authori- And, second, how might the actors convey that almost tragic dimension to the fate of people who act according to the wishes of the state only to find themselves abandoned by the

same authority? The repeated battering of the unconscious body as the officers

lington's uneasy production introduces filmed reconstructions of the dragging of the corpse from the river Vistola and of the lucid testimony of the subsequently twitchy Lieutenant Chmielewski. Having failed properly to exploit theatrical idiom, he abandons

It is in the role of Chmielewski alone that a sense of theatre prevails, Roger Lloyd Pack daring to invest the hapless moustachied minor criminal and father of two with a yawn-ing stutter that hangs over names of colleagues and victims alike, followed by the pronounced twitch that became such a feature of News at Ten during the trial.

it altogether.

Saturday was 5 the Start is the phrase. The method of tried to hold down the car hoot Broadbent as the sullen Lieute-universary of the intersption dispute is inquisitorial rather is the most shocking evidence, nant Pekala lookalike has little chance to express the glazed but dignified contempt I remember from newsreels. Stewart Wilson's Captain Piotrowski regrets the damage the crime has inflicted on his col-leagues' families and delivers a stonily uncomprehending glare when the death sentence

is demanded.

The driver who escaped from the moving car is introduce as a narrator and th abandoned for long periods. Despite Brian Cox's baggy-eyed gravitas and controlled stillness, he does not emerge as the voice of the people. He disappears be-nesth a weiter of grisly evidence shakily intoned by Rosamund Greenwood and sits passively behind the tame auxiliary pro-secutor of Alfred Lynch. Other names worth noting are John Alongside him, Derek
Newark has to wait two hours
before revealing himself in his
true colours as the wretched
as the general who abandons his

Two hundred years ago this

into the family of Lur Saluces.

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Arts Guide

Oct 18-24

Music

TOKYO Michael Pletner, piano: Beethoven, Shostakovich, Tchaikovsky, Tokyo Bunka Katkan (Tue). (5724311).

NEW YORK Kaufmann Hall: Hermann Prey bari-tone recital, All-Schubert pro-gramme. (1395 Lexington Av gramme. (831 8603).

WASHINGTON

National Symphony (Concert Hall): Matislav Rostropovich conduction Mstislav Rostropovich conducting, Anne Sophie Mutter violin; Schu-mann, Glazoumov, Mendelstohn, Dutes (Tue); Rafael Frushbeck de Burste Burgos conducting with Elizabeth Knighton soprano, Marta Senn mezzo-sopremo, and Choral Arts Society of Washington directed by Norman Scriber: All-Mahler programme (Thur). Kennedy Center (7858110).

Chicago Symphony (Orchestra Hall): Chamber series by Camerata Chica-go: Hayda, Relnacke, Mozart (Wed mat. 5.45); Kinus Tempstedt conducting with Samuel Magact violin: Shostakovich, Mahler (Thur). (4358122).

CHICAGO

Nouvel Orchestre Philharm Conducted by Pinchas Stainberg, Igar Ckirakh, violin: Rimsky-Korsakov, Trhalkovsky, Prokofiev (Thur). Radio France, Grand Audi-torium (524 1916). schalle Berz Tagrine, piano: Bach/ Liszt, Beethoven, Schumann, (Thur). Salle Gaveau (563 2030).

NETHERLANDS The Hague, Congrespebouw. Nether-lands Chamber Orchestra conduct-ed by Wilfried Boettcher, with Imog-en Cooper, piano. Lutosiavski, Mo-zart, Copland, Haydn (Mon). (548000).

Utrecht, St Janekerk, Traditional Christmas music sung by the Gre Byzantine Chotr (Tue). (324344).

LONDON

Belgium National Orchestra conducted by Walter Weller, Hearlyk Szeryng, violin: Hizet, Reethoven (Thur). Palais des Beanx Arts (5124045).

ITALY

ene: Auditornim & Via Leila Conciliazione: Carlo Maria Giulini con ducts the soprano Helen Donath contralto Deris Soffel, tenor Jose Protechka and the bass Hans Sotion in Beethoven's Missa Solemnis (Sun, Mon, Tues). (654 1044). At the Teatro Chione, pianist Vlado Par-lemuter plays music by Ravel (Thur) (6872294).

VIENNA: Vienna Classic Resemble conducted by Adolf Koura, Beethoven, Musik-

verein (Tue);
Gurlist's Wessek by the Orf Symphony Orchestra and Orf Choir conducted by Lother Zagrosek with Gundala Janowitz and Grullleremo Safehia Kunzerhane (Westerland Safahia, Konzerthens (Wed); Vienna Symphonyorchestra conducted by Wolfgang Sawallisch with Chris-tian Altenburger, violen. Mozart rger, violin, Mozart,

Saleroom/Antony Thorncroft

Colonel Pietruska, while Jim craven troops.

Over \$1.7m for the Birds

In 1850 the City of New York 1588 it is only 5.5 cm across, paid \$1.000 for a set of Audubon's Birds of America, one of compass, a hinged hour ring, the most famous books ever produced, with its 435 coloured with their latitudes. It carries describes a coloured with their latitudes. It carries produced with its 485 coloured with their latitudes. It carries drawings of birds. It was the a £15,000-£18,000 estimate. last of the sets sold in the Two hundred years a artist's lifetime. This weekend year Chateau d'Yquem New York auctioned the drawangs individually for a total of To celebrate, it is holding, \$1,761.842, through Sotheby's through Christle's, an anni-

New York.

It felt able to do so because it has five more complete sets of Birds of America in its possession and the money from the session will go towards improvenien w

It was hard to be punctual in two very rare character jugs—
Elizabethan England. Clocks "Charlie Chaplin," who carwere rare and unreliable and
without the benefit of a Greenwich standard every locality had
its own time. The traveller from
London to Oxford would have to
adjust his timepiece backwards
by five minutes as he made the
puncture. To do so he might well.

Setting Doubton ware, including
two very rare character jugs—
"Charlie Chaplin," who carries a top estimate of £3,000,
and "George Robey" who
could go for £4,000. On the
same day Phillips is organising
an auction of Penguin first
editions to celebrate the com-

pany's 50th anniversary. The first Penguin, Ariel by André bays soft anniversary. The journey. To do so he might well have used a pocket sundial, and make £50, while one of these unusual objects a signed first edition of Cold comes up for sale at Sotheby's on Wednesday.

Medical Soft anniversary. The first Penguin, Ariel by André Maurois, could make £50, while comes up for sale at Sotheby's on Wednesday.

Medical Soft anniversary. The first Penguin, Ariel by André Maurois, could make £50, while comes up for sale at Sotheby's on Wednesday. bons, bound in leather, carries Made by Augustine Ryther in a £300 top estimate.

FINANCIALTIMES

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Monday October 21 1985

Comecon and the EEC

the two economic halves of Europe, have taken a new turn with the latest communication of Comecon's Moscow secre-tariat to Brussels. The East or the Soviets which dominate it — is now saying that if the EEC agrees to a vague political declaration of mutual recognition, this could open the way for Comecon's 10 member countries to negotiate separate trade accords with Brussels.

In effect, then, Comecon is at last conceding the long-held EEC contention — that it is not the EEC's equal in trade competence, and that real commerbetween its individual members and the EEC. For all the ulterior Soviet motives in trying from the U.S., this is an oppor-tunity that EEC foreign ministers should not pass up when they come to consider the Community's reply to Comecon later

The first round of discussions between the EEC and Comecon petered out in 1981 on the lat-ter's unwillingness to recognise the difference between the two organisations. They indeed differ as apples from oranges.
Unlike the EEC, Comecon has
no common commercial policy
and does not negotiate for its Gatt and others are outside. It has no common tariffs or quotas, and therefore has little or nothing to bargain with in any bloc-to-bloc negotiations with

EEC strategy has been to sit back and wait for Comecon members to break ranks and establish approach Brussels individually for a trade deal. Its assumption has been that, particularly with the enlargement of the EEC, no Comecon country can in the long run afford to ignore Brussels. The strategy has worked, up to a point. Romania, the eastern maverick, negotiated east European countries have and felt inhibited from even start- tries.

TEN YEARS of sporadic, and ing discussions with Brussels thus far fruitless, discussion has been the Soviet desire that about establishing relations between the EEC and Comecon, should get some minimal political recognition before its members go their own com-mercial way.

For their part, Soviet officials say their attitude towards the EEC, which was studiously ig-nored by Moscow for its first 20 years of existence, has evolved since the mid-1970s to one of de facto recognition. But the Soviet change of heart has been most evident in the past two years, starting with the 1984 Comecon summit's call for new talks with the EEC and culminating in the latest pro-

Moscow's motives are mixed.

Moscow's motives are mixed.

When Soviet officials talk, as
they do now, of the EEC as
"a political entity," they mean
to encourage western Europe
to act politically outside Nato and separate from the U.S. But they also say that one day Moscow may want to negotiate its own trade agreement with the EEC, which with the inclusion of Spain and Portugal will take nearly 70 per cent of total Soviet exports to the industria-

Economic size

What, then, are the pitfalls of the common declaration that Comecon is asking the EEC to agree to? Much of the 250-word declaration is verbiage about promoting "lasting peace" and "social advancement" and references to the Helsinki accords. It has as much to do with business and trade as, to quote one recent quip on the Helsinki accords, "the message in the average Christmas card." The key phrase, however, is that the two organisations establish official relations "within their respective fields of competence." The EEC would want to make very sure these relations reflect the narrow range of common areas

There is, to be sure, a problem posed by the sheer economic size and political weight of the Soviet Union, its Comecon partners has followed, though Hungary held informal discussions with lowed, though Hungary held commissions that might be set informal discussions with the up but the Community could EEC. The reason why Hungary, avoid this by making very clear in the end, drew back from at the outset any real trade formal negotiations and other negotiating is a matter for it east European countries have and individual Comecon coun-

Labour votes for capitalism

bus, the front seats of which are already occupied by Mrs Margaret Thatcher, the Prime Minister, and Dr David Owen, wider share ownership. comes only days after the un-veiling of Owners All, a Centre for Policy Studies pamphlet by Lord Vinson and Mr Philip Chappell (of personal pensions fame). This advocates radical fiscal reform to encourage personal equity investment. The authors argue that the tax privileges enjoyed only by big institutions such as pension funds and insurance companies should be extended to individuals — a move towards fiscal neutrality that was explicitly ruled out by Mr Nigel Lawson, the Chancellor, in last year's

Diverse benefits

The political popularity of wider share ownership is a prime example of the way the Thatcher Government has rewritten the political and economic agenda. Six years ago, the idea was barely discussed in any circles outside the in any circles outside the Liberal Party which pressed it in the Lib-Lab pact under Mr Callaghan. Today, employee share ownership, the focus of Mr Hattersley's speech, is very much a commercial reality. One in three companies has either a profit-sharing or a rather than skewed towards, share ownership scheme; half management, and that members of these extend "right down get the full voting rights of to the shop floor."

ship and, more generally, access to an income linked to profits or the return on capital, is gain. small-scale equity investment ing support because it offers such diverse benefits. There is a strong political rationale for breaking down artificial bar-riers between "owners" and tal generally what has already been largely achieved in the

However, there is an equally strong economic rationale for the political and economic difwider share ownership. It is unclear to what extent income from capital can eventually supplement wages for ordinary workers but any trend in this ing a parallel requirement for direction needs to be encour employees to participate in com-

IN HARROGATE last week, Mr Roy Hattersley, Labour's shadow Chancellor, finally scrambled aboard a fast-moving Companies also stand to gain from wider share ownership. If a sizeable fraction of remunera-tion becomes profit-related, and tion becomes profit-related, and therefore flexible, companies will be better able to weather economic cycles and to provide secure employment; and, as Mr Hattersley stressed last week, employee share ownership schemes could transform trade union attitudes towards industrial success and profitability. In the past, these have been equivocal at best because, too often, profits have been regarded, negatively, as something that pays for somebody else's dividend.

Equally important, as Lord Vinson and Mr Chappell stress in their pamphlet, the diffusion of share ownership would break the institutional stranglehold over corporate equities which has grown more intense under six years of Tory rule. By 1988, according to the London Business School, 70 per cent of the personal sector's net financial assets will be held at second remove through institutions. Yet institutions are not, by and large, sufficiently demanding shareholders: too often they have passively accepted poor management instead of pushing for changes at the top.

Wider share ownership is not without pitfalls and should not be seen as a panacea. As Mr Hattersley argues, it is important in employee schemes that benefits are shared equally. o the shop floor."

Ordinary shareholders. More generally, it is necessary to find ways of minimising the trans-action costs associated with outside the work-place and for limiting the risks faced by unsophisticated, first-time in-

None the less, the sight of workers"-for doing for capi. all three main parties gathering behind the banner of wider share ownership indicates the pluses may outweigh the minuses. It is also a sign that perhaps not quite as great as is sometimes pretended. Where Mr Hattersley differs is stresspany decision-making.

THE TWO lethal earth-quakes which hit Mexico's capital and central Pacific coast last month also struck a eemingly inexhaustible vein of seismological metaphors among the country's political observers.

Fault lines have been copiously charted. The most graphic is the one which, it is elt, separates the government's response to the crisis from the way ordinary Mexicans have reacted. There is also a near consensus that the country's finances, already extremely fragile, have been knocked clean off their foundations by the earthquake and that gaping cracks have appeared in the facade of a regime which only four days before the disaster had celebrated the 75th anni-

versary of the revolution. Now the shaken administration of President Miguel de la Madrid must face difficult renegotiations with the Inter-national Monetary Fund.

The human and material loss inflicted by the quakes of September 19 and 20-which measured 8.1 and 7.5 on the Richter scale—has been very heavy. At least 20,000 people

Around 1,500 buildings were destroyed, or so badly damaged that they will have to be demolished. These include two major state hospitals (one of them the Centro Medico, Latin America's Medico, Latin America's largest public health complex), possibly 50 schools, five ministries and adjuncts of several others, the country's major telecommunications installa-tions, 20 to 30 hotels, and an

the stimated 50,000 homes

The country's industrial base, however, was relatively unscathed, with oil installations, mines, vehicle and light assembly plants all intact. The casualties are tourism and tex-tiles. Gross tourism receipts of over \$2bn are expected to plummet in the short term as a result of damage to hotels in the capital and the Pacific Costal twin resort of Ixtapa-

Zihuatanejo. Around 500 of some 1,300 small concerns in Mexico City's nearest equivalent to the New York garment district were also But even before the quakes,

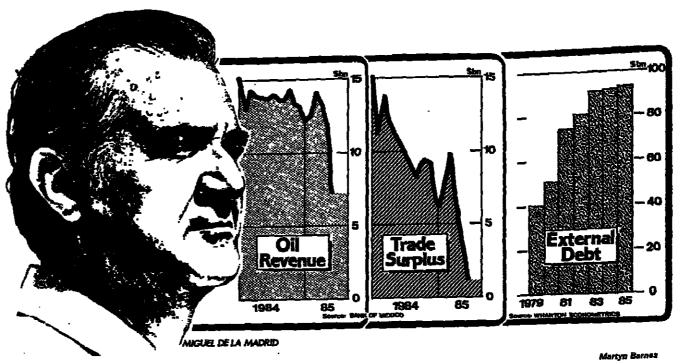
the government of President Miguel de la Madrid had been grappling with the worst eco-nomic crisis in Mexico for half a century and a slower-moving but arguably equally profound political crisis. There was always serious risk of the two rises becoming compounded —
the horrific events of September have increased this risk.
The economic problems followed Mexico's financial collapse in August 1982 and in the

main have been tackled with orthodox prescriptions within a three year programme agreed with the IMF, which was due to end this December.

In its first two years, this programme halved inflation, cut the public sector deficit and imports by nearly two-thirds, turned Mexico's external account surpluses in 1983 and 1984 and rebuilt the country's reserves. After two major structurings, Mexico also kept his two predecessors, had up to date with service payments on its \$96bn of foreign

The unparalleled austerity through which this was achieved also reduced by a third the purchasing power of. that half of the 24m-strong workforce with full-time jobs

AFTER THE EARTHQUAKES



rmanch Thies Samuel October 19 1900

The political test as Mexico rebuilds

By David Gardner in Mexico City

around 16 per cent. The living standards of Mexico's large middle class have also suffered This crisis followed six years of 7 plus per cent growth under Sr de la Madrid's predecessor, Sr de la Madrid's predecessor, Sr Jose Lopez Portillo—a growth rate fuelled by an oil and credit boom after major oil discoveries in the early 1970s made Mexico the world's fourth largest crude producer. The grandiloquent Sr Lopez Portillo, whose administration presided over multi-billion dollar corruption and waste, shortly before the collapse

Political reform has been reduced to a slogan

Mexico's defined economic problem as administration of abundance."

The political bill for this excess has been handed to what many feel is the least politically adept administration Mexico has ever had. President de la Madrid's team of politically untried, largely lvy League-trained technocrats emerged from a federal emerged from a federal bureaucracy, which over the round to produce past 20 years has bypassed the trade and current Ruling Institution Revolutionto power in Mexico.

> elected to anything before being selected by the out-going being selected by the out-going president and confirmed at the polls by the PRI electoral machine. And few senior officials have had contact with elective politics. All this shows — both in the administration's lack of political touch and in its economic reform programme. A major divestiture plan for

outside the bureaucracy.
Nonetheless, Sr de la Madrid
himself won initial popularity
on taking office in December 1982 by promising economic renewal through radical structural reform, and political tive and reduce inflation was reform through the hallmark sharply diluted after opposition "moral renewal" programme. from industry. The peso has The latter pledged to root out also remained overvalued. corruption and move towards

Even faith in the Govern-ment's anti-corruption drive— which began with charges state oil monopoly, and the Mexico City police chief, has been weakened by a failure to press home the attack.

Meanwhile political reform has been reduced to a slogan by the Government's resort to wholesale ballot-rigging in the July 7 mid-term Congressional Gubernatorial elections, when Sr de la Madrid was eager to deny the right-wing National Action Party (PAN) governorship victories in the rich, strategic northern border states of Sonora and Nuevo

o power in Mexico. and a premature recovery Neither Sr de la Madrid, nor ahead of the July polls had per cent in the nine months

the cash-devouring public sector was announced in January but by mid-year nothing had been sold. A plan to liberalise imports in order both to make Mexican exports more competically and the section of the sold. Mexical exports more competically announced in their section was announced in January but fully reinforced by the Government's initial handling of the earthquake disaster. While imports in order both to make the classes mobilised in their tens. Mexican exports more competi-tive and reduce inflation was

Throughout the first half of a more open democracy.

To date the Government has failed to convince Mexicans it is capable of delivering either.

Even faith in the Government swelled, Mexico's market growing evidence that as the oil glut swelled. Mexico's market work and the swelled with the convergence of the swelled with the swelled with the convergence of the swelled with the sw share could only be preserved by a more flexible pricing against two exemplars of Sr policy. By the time a differential Lopez Portillo's administration, price structure was introduced the former head of Pemex, the in July, sales had been cut by state oil monopoly, and the nearly half and some \$1.5bn lost in revenue.

Average exports in June bad fallen to 800,000 barrels a day, against an official 1.5m b/d allowed to implement its target. Energy officials claim national defence contingency that sales recovered to 1.3m plan for disasters, it now appears clear because the Government. b/d in July and have been on target thereafter.

Oil not only provides 70 per cent of Mexico's export earnings but 45 per cent of Treasury receipts, and the Government has had to borrow heavily internally to make up for the lost tax revenue, pushing interest rates to record highs, past 20 years has bypassed the Most crucially, the Govern-fuelling inflation (now running Ruling Institution Revolution ment has lost its grip on the close to last year's level of 60 ary Party (PRI) as the route economy. Pork-barrel spending per cent) and adding substantially to the public sector deficit.

> package announced in late July
> — including the year's third to June, sucking in imports and — including the year's third checking non-oil exports which round of spending cuts, a 16.7 per cent devaluation, and, finally, import liberalisation — The Government has also radical and further fostered the vacillated over key elements in its economic reform programs in its economic reform programs. anticipating events.

This impression was powerof thousands immediately the first earthquake sliced through the capital, the Government dithered, looked remote and sounded obtuse.

The refusal of foreign aid for 48 vital hours, a well-placed official says, had nothing to do with national pride: the Government simply could not make up its mind. The army was not

Little prospect of improvement in the economy

national defence contingency plan for disasters, it now appears clear, because the Government feared giving the tradi-tionally quiescent military a protagonist's role. The Army instead became more of an obstacle to rescue work, used for patrolling and to rein in the volunteer brigades, whose vigour and autonomy appeared to alarm the bureaucracy. Paradoxically, however, the

Government's economic hand may have been strengthened by the disaster. It hopes now to present to the IMF new, more heading for even without the earthquake costs, must of which may now be met by new credits from international financial

sought in the July austerity package, dampening imports and perhaps boosting exports. But the Government's domestic But the Government's domestic indebtedness is nearly out of control, sucking dry the banks and distorting the money markets. The public sector deficit looks like reaching double the IMF-agreed target of 5.1 per cent of GDP. of 5.1 per cent of GDP.

easier for the country to seek a substantial lightening of its interest rate burden, now about \$12bn-13bn a year, or over 60 per cent of this year's likely

The type of arrangement

Mexican government deby strategists are exploring would

guarantee the country an injection of new money whenever interest payments exceed a certain threshold, or percentage.

of incoming foreign exchange revenue. This implies a sort

all interest payments would be met. Peru, the leading latin-American rebei against IMF strictures, has unlikterally in-

sisted upon a similar capping

Until some new arrangement

is reached there is little prospect of any improvement in the economy. The earthquake will help induce the recession

" reverse rate cap " in which

of 5.1 per cent of GDP.

But the Government's margin for manouevre is constrained by the virtual consensus which has emerged since the earthquakes in favour of a suspension of all debt service payments. The trade unions, the private sector, the Church, the political parties and the PRI itself all favour some form of moratorium. That is about as near to a consensus as is possible in Mexico.

Sr de la Madrid's two predecessors, discredited at the end of their terms, sought vainly to recover prestige by a desperate

recover prestige by a desperate fuite en quant. Sr Lins Echeverria expropriated 100,000 hectares of prime farming land in Sonora and handed it to the peasants and Sr Lopez Portillo nationalised the banking system. There will now be strong pressures on Sr de la Madrid to do something similarly spectacular as the regime tries to re-establish a political base, or as he himself put it last week shortly before the Government expropriated 7,000 ruined building sites, to "re-lay the foundations Mexican destiny."

Political pressure, in particular, will grow from now until Sr de la Madrid steps down in 1988. Next year alone the Government faces five governorship contests in states where the PAN has a good a chance as it had in the rigged Sonora and Nuevo Leon elections.

It is thus no longer difficult to imagine a situation in which the Government might find it politically expedient to adopt a much more radical stance on its debt problems, particularly if it feels it is not receiving the "extraordinary understanding" from its creditors and the IMF for which the President appealed shortly after the earthquakes. For the moment, how-ever, Sr de la Madrid is firmly opposing any unilateral action

lorone

BECTATE:

of cree

Both the Fund and the banks may have to put aside their irritation with Mexico's inability the earthquakes, senior officials such as Sr Jesus Silva Herzog, the Finance Minister, had explicitly said that Mexico would institutions, banks and bilateral only be able to meet its overfunds.

As some officials see it, was available. In the postMexico's bargaining position with the IMF and its creditors become almost an article of has been reinforced, making it faith.

Retreat in the Bahamas

Lyford Cay, the Bahamas "re Lyford Cay, the Banamas "re-treat" to which Commonwealth leaders withdrew for the week-end to try to sort out their differences over South Africa, is not exactly a hideaway for

the hard-up.

Built by Toronto brewery magnate and financier, E. P.
Taylor, in the late 1950s, it has provided the background for scenes in the James Bond film,

scenes in the James Bond film, Thunderball. It was the venue for a meeting in 1962 between the late U.S. President, Jack Kennedy, and then British Prime Minister, Harold Macmillan. The Queen and Prince Philip stayed there in 1966.

Those wishing to buy a plot of land or a "cottage" on this modest estate on a peninsula 17 miles from Nassau, with its champlonship golf course, marina and \$2m club house, will find the prices fully competitive marina and \$2m cito house, who
find the prices fully competitive
—with those in Mayfair, New
York's Fifth Avenue, and the
Avenue Foch in Paris. I have it on good authority that if you cannot afford to

buy, you can rent a four-bed-roomed cottage, complete with two maids, one chef and three cars, for \$8,000 a week. One press-man, seeking cheap refuge from a rainstorm while waiting for the heads of government to arrive, bought an umbrella at the golf shop. It cost him a mere \$40, and did not fall apart until at least two

Lange's view

The Prime Ministers, you might think, would be grateful for the hospitality provided to help them recover from all that fruitless talking since last Wednesda

Not a bit of it. Though tables had been laid out for them on Saturday in a little colonial style bungalow next to the main club house, with a view of tropical gardens and a palm-fringed beach beyond, few

turned up.
Mrs Thatcher preferred to Mrs Thatcher preferred to the Descrummage around in the fridge Bettino

Men and Matters

of her own cottage on the estate | Minister, have for each other.

—each leader has been provided with a house—while Bob | was Spadolini's disapproval of Hawke, the Australian PM, was clearly still recovering from a morning round of golf with President Kenneth Kaunda of

Mrs Thatcher was said to be working on her speech for the 40th anniversary of the United Nations, leaving the others to find a compromise which would take account of her firm opposition to economic sanctions against South Africa.

against South Africa.

David Lange, of New Zealand, did turn up, however, in a safari shirt hardly large enough to cover his bulging frame. Proceedings to be totally ignorant of what was happening behind the scenes, he said the atmosphere was from the scenes. was "very much like a caucus before a leadership coup."

For once, the outspoken Lange appeared overawed by his surroundings. "I saw a his surroundings. yacht this morning," he con-fided. "Where I come from, yachts float, just, have sails and are sometimes sunk. But this one looked like the Taj Mahal." Lange did not really know

how the crisis was going to end. "Just watch us," he advised. "If matters come to the point of agreement, we'll be swimming and playing golf. If we don't take to the water, we're still struggling," It is a hard life in Lyford Cay, I can tell you.

Fall out

Alongside the weighty arguments about "institutional pro-priety" which are officially said to lie behind last week's col-lapse of the Italian Government some point to a much simpler explanation — the intense dis-like that Giovanni Spadolini, Defence Minister, and ino Craxi, the Prime

Craxi's handling of the Achille Lauro affair that led to the withdrawal of his minority Republican Party from the Government.

In theory, the two men ought to have much in common. They both lead parties in the centre-left of Italian politics sand-wiched between the Christian Democrat and Communist machines

Craxi's larger Socialist Party usually needs Republican sup-port. But it was Spadolini who became Italy's first non Christian Democrat Prime Minister since 1945 - and that is where the trouble lies.

Spadolini's two Governments, between June 1981, and November 1982, were both brought down by Craxt, who was deter-mined to let nothing stand between him and the Prime Minister's office. Spadolini has never forgiven him.

Nor can Spadolini have much liked Crazi's success in staying in power for an un-broken period of more than two years — just 29 days short of post-war Italy's record for gov-ernmental longevity. The two men are quite

different in temperament. Spadolini is friendly and loquacious, a born conciliator; Craxi is prickly and, on occasion, ruthless. Now that the U.S. has patched

up its quarrel with Italy, there are signs that Craxi could soon return to power. If so, he would have outmaneeuvred Spadolini again. At least until the next episode in their

Word perfect

Japan is, as the world knows embarked on a process of internationalisation. This does not mean merely selling things, but becoming, in less easily definable ways, more attuned to foreign habits.

One by-product of this is a remarkable competition between senior politicians to display their prowe English language. their prowess in the

Yasuhiro Nakasone, the Prime Minister, last week gave a speech in English to the Foreign Correspondents Club in Tokyo—a task he has tackled only once before as PM, at the International Institute of Stra-tegic Studies in London last

In casual conversation, more over. Nakasone demonstrated a reasonable competence in unrehearsed English, though unrenearsed Engish, though scurrilous Japanese magazines have taken singular delight in pointing out such infelicities as he did commit publicly.

It was surely no coincidence that Nakasone's speech came a few days after Foreign Minister, Shintara Abe — who has his eyes on Nakasone's job — made a maiden speech in English in San Francisco. This amazed even Abe's admirers for he had not previously shown any knowledge of the language. Other would be Prime Mini-

Other would be Prime Millisters are also dusting off their hinguistic abilities. Susuma Nikaido—in his late 70s and an admitted longshot for the post—has been touring the U.S. trying to persuade American politicians, in serviceable if colloquial English, that Japan is not about to undo the U.S. economically.

Another candidate, Klichi Miyazawa, is an accomplished linguist from way back. All of which has left the

other leading contender, Noburo Takeshita, the Finance Minister, in a dilemma. Before he entered politics, he taught English. But he has taken to giving little speeches of late, conceding that indeed he was an English teacher, but then adding artfully and accurately, that like most Japanese Eng-lish instructors, he cannot speak the language at all.

Observer

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THINGS ARE moving along quite nicely towards the Reagan-Gorbachev summit in Geneva next month—at least

from the Soviet point of view.

Moscow has made a radical proposal for deep cuts in nuclear weapons. The Americans have been urged by their European allies to respond with a counter-offer of their own and that recommendation will be pressed home by Mrs Thatcher at this week's western ministramit in

week's western mini-summit in New York. Finally, the Ameri-cans have backed away from a legalistic interpretation of the 1972 Anti-Ballistic Missile Treaty that could have allowed them a totally free hand to do

them a totally free hand to develop and test a Star Wars anti-

missile defence system. In other words, Mr Mikhail Gorbachev still seems to be holding the propaganda high ground.

Yet it remains hard to discern

soviet strategy in the run-up to the summit, and even harder to nake out whether, in the next our weeks, the U.S. Administration has or can devise a phoront strategy of the s

oherent strategy of its own. The Soviet position, as enun-ciated by Mr Gorbachev in Paris

and as embodied in the formal proposals in Genera, contains glaring inconsistencies. In Washington there is a continu-

mg bureaucratic struggle be-ween those who favour and hose who oppose arms control in principle; and for all we snow, the contradiction in the

Soviet proposals may reflect an analogous bureaucratic argu-

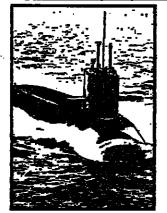
ment in Moscow. So it is not yet clear whether Mr Gorba-

chev's propagands advantages will do him. or the West, any good when the big day comes.

FOREIGN AFFAIRS: NEXT MONTH'S SUMMIT

Gorbachev puts some cards on the Americans' table

By Ian Davidson



STRATEGIC WEAPON TOTALS Soviet 1,398 ICBM missiles 6,400 2,130 ICBM warheads Missile submarines 62 954 Submarine missiles Submarine missile warheads 5,370 2,500 2,352 Missiles Total Missile Warheads Total 7,500 8,900 480

This is not a world away, in crude terms, from the long-standing U.S. offer to cut strategic missiles to 850 on each side (which would be a 50 per cent cut for the U.S., and a higger cut for the Russians); with a ceiling of 5,000 missile war-bands are each side (which heads on each side (which would be a one-third cut for the U.S. and a bigger cut for the Russians).

The Americans have been careful to emphasise, time and again, that they welcome the Soviet proposal for deep cuts, as a first step which could allow the negotiations to get moving. Just as regularly, they then complain that it is one-sided, unfair, unbalanced and self-serving—and they go on to give facts and figures why they think it is one-sided, unfair, etc. careful to emphasise, time and again, that they welcome the again, that they welcome the soviet proposal for deep cuts, as a first step which could allow the negotiations to get moving. Just as regularly, they then complain that it is one-sided, unfair, unhalanced and self-serving—and they go on to give facts and figures why they think it is one-sided, unfair, etc.

Some details of the Soviet plan have been given to the Washington press corps in a background briefing by "a senior Administration official," who may be none other than Mr Robert McFarlane, President Reagan's National Security Adviser. The full text of his briefing has been disseminated world-wide by the U.S. Information Service; but if this is background. It is also hard to bus sure how far one can rely on an American gloss of the

chopper would be bumped up by all their nuclear wespons in Europe — Pershing II and cruise missiles, land-based and carrier-based aircraft—so that be sure how far one can rely on an American gloss of the Russian proposals. Still, here a 50 per cent cut would bite much deeper into the total arsenal of the U.S., especially The gist of the Russian plan is that there should be a 50 per cent cut in strategic missiles and bombers on both sides, with a ceiling of 6,000 warheads. with an absolute warhead ceiling of 6,000.

Now it is easy to see why real arms control business. The

the Russians should be trying Russians could be counted on this on. They did their to start out by asking for a damnedest, in 1982-83, to pregood deal more than they vent any deployment of the new expected to end up with: negotiation would whittle away the in Europe, and they failed. They worst extravagances. But this may fear that the super-accurate opening position is so far from Pershing IIs could even reach any imaginable centre-point Moscow. In the Euro-missile that the whittiing process will negotiations, they never contake months, if not years It negotiations, they never contakt the writing process will need america's right to deploy will need several more such missiles; they may feel speeches, with dramatic shifts that it contravenes the tacit of position, if the two sides are

Whittling away the worst extravagances will take months, if not years

deal after the 1962 Cuba crisis, to be able to agree even some when Moscow drew back from basic principles next month.

the sun and the moon with only Soviet SS 20s aimed at Europe; a month to go before the sum- and he called on the U.S. to a month to go before the sum-mit; or even—and this is the respond, by halting deployment puzzling part—what is their real of cruise and Pershing IIs. position on nuclear weapons in Europe.

One explanation, which seems to be contained in the Soviet

Mr Gorbachev has said that he wants the summit to con-duct real business, by inference

when Moscow drew back from deploying missiles in Cuba, and Washington then withdrew missiles from Turkey.

But it is less easy to see why the Russians should imagine that they could swing a deal which is manifestly ment, distinct from strategic and strat inequitable and non-negotiable; and space weapons. He went why they should be asking for on to announce a reduction in

nuclear forces; they tried that

tack before, in the Euro-missile talks. But Mr Gorbachev has said publicly that he is not ask-ing for any reduction in these forces, and has apparently indicated privately to the French that he is not even asking for any restrictions on the size of their forces.

It is conceivable, however,

that we are seeing evidence of bureaucratic disagreements in Moscow. There are certainly contradictions and inconsistencies

stealth bomber—but not the two new Soviet land-based missiles. But despite the complaints, the U.S. Administration has given

last week, he said: "If we are able to get radical reductions. so we are really moving toward so we are really moving toward what the President has set out as our goal, namely the complete elimination of nuclear weapons, that when you get down to a point below, considerably below, where we are, then it can no longer be argued that the British and the French systems are an inconsequential number in comparison to the total. I might say, the Chinese need to be included in this equation as well,"

In other words, if Mrs That-cher feels entriled to urge the Americans to improve their offer in Geneva, the Americans may feel entitled to return the compliment, at least hypothetic-

have already improved their posture, at least in the eyes of posture, at least in the eyes of the Europeans, on the question of Star Wars testing. A few days ago Mr McFarlane declared that Administration lawyers had re-examined the 1972 ABM treaty, and had given the green light to all kinds of testing of exotic new anti-missile deferge technologies. Outside experts contest that this is an inadmissible reading of the texts. But whatever the legal rights and wrongs, Mr McFarlane's statement provoked unproar, and President Reagan felt obliged to decide, and Mr Schultz to reasure the Nato allies, that the Administration would interpret the treaty in the strictest terms.

This is reassuring for the Europeans; but what does it

This is reassuring for the Europeans; but what does it do to Mr Reagan's bargaining leverage visavis Mr Gorbachev? It may fairly be deduced that it was Star Wars and the fear of It may fairly be deduced that it was Star Wars and the fear of its momentum which brought bureaucratic disagreements in Moscow. There are certainly contradictions and inconsistencies which induced them to offer within their Geneva texts, according to the Americans. Could the Geneva texts, according to the Americans. Could the Geneva proposals represent (or eventually curbs) on Star the maximalist demands of the Wars. A speech by Mr Shult is important, because much of the soviet military, who would have within their Geneva texts, according to the Americans. Could the Geneva proposals represent the maximalist demands of the Soviet military, who would have to be persuaded of the case for a 50 per cent cut; while the Gorbachev speech conveys a hint of a more accommodating position?

The Americans have quite a litany of other complaints; for example, the Russian proposals would ban all new U.S. weapons—the Trident submarine missile, and the so-called stealth bomber—but not the two

tration is able and willing to regain the initiative, in negotiating as well as in propaganda terms, by making an improve-ment in its offer in Geneva; on to announce a reduction in Soviet SS 20s aimed at Europe; and he called on the U.S. to respond, by halting deployment of cruise and Pershing IIs.

One explanation, which seems to be contained in the Soviet texts in Geneva; is that the Russians want to count their SS 20s to be against the British and French nuclear forces: they tried that

U.S. Administration: has given one very clear indication that position by the position by the position believed in the position by the first time, Mr George must be that Mr Gorbachev will retain the high ground and be in a position, if no progress is made at or before the summit, to lay the blame squarely on President Reagan. Nancy would In a speech in San Francisco In a speech in San Francisco not like that.

Lombard

Services have become visible

By Christian Tyler

BANK TELLERS are replaced "service" companies would by cash dispensers, petrol station attendants by automatic pumps and cinemas by video
Implicit in their argument

If Dr Rada is right, then most of the clever-looking distinctions drawn between goods and ser-vices are artificial, or at least important, because much of the increase in employment in services (outside government bureaucracies) is coming from the so-called producer services.

To show we understand what is going on, we could start by abolishing the distinction (statistical as well as concep-(statistical as well as concep-tual) between the primary, secondary and tertiary sectors of our economies. Dr Rada says the primary sector—agricul-ture and mining—is already industrialised; and now manu-facturing, the secondary sector, is being reindustrialised by the service, or tertiary, sector.

service, or tertiary, sector. markets by the big Western changed.

station attendants by automatic pumps and cinemas by video-tape players. One day, perhaps, barbers will be made redundant by haircutting machines. In each case, a domestic service is giving way to a piece of internationally-traded equipment.

We are failing to see what is really going on in the world, according to Dr Juan Rada, the newly-appointed director of the International Management Institute in Geneva. An expert on tage for themselves. A develop-ing country's cheap labour is no longer a comparative advan-tage in a capital-intensive world. The U.S. recognises the point.

The U.S. recognises the point, too, but also implicitly. Why else should its negotiators in Gatt focus so hard on trade in "services." and in high-technology goods? Why else raise the issues of foreign investment industrial subsidies, intellectual property rights and counterfeiting? ing?
By presenting the services

question as a trade issue, the U.S. has succeeded in getting it at least into the margins of the Gatt debate, even if the subject itself is looking pretty un-negotiable in the proposed new round. If it had been pre-

new round. If it had been pre-sented in its true light—that is, says Dr Rada, as a foreign in-vestment issue—there would have been no hope at all. The same confusion sur-rounds subsidies. There is a world of difference between spending money to sell sur-pluses abroad, as the EEC does with agricultural commodities with agricultural commodities, and the way that Japanese companies are able to concentrate their resources to make their products unbeatable in their chosen fields.

How, for example, should we regard high-tech initiatives like President Reagan's Star Wars, a research programme that could capture and exploit commercially the high peaks of technological advance regardless of its strategic success?

The uncomfortable conclusion is that if the goods/services distinction is shallow and unreal, then the trade issues of tomor-The point has already been recognised by some of the developing countries like India and Brazil. They are very reluctant to let the General Agreement on Tariffs and Trade start negotiating free-trade rules for services. They are much the nature of interafraid that penetration of their markets by the big Western changed.

Coronets and begging bowls

From Lord Selsdon

Sir,—Samuel Brittan's enjoy-able article (October 17) on the report of the Lords Select Committee on Overseas Trade leads me to wonder whether on matters relating to trade, politics and finance I have been cunningly drip fed by mis-guided baked-bean-eating geri-

Our report may provide a temporary battleground for the wets and drys." Its principal purpose is to open up the debate on the future for British trade in manufactures. Ineviterosion of our manufacturing capacity at home, our lack of competitiveness and the relioil and service sectors.

Many of us would like to be convinced that, when the bene-fits of North Sea oil are no longer with us, we could survive and prosper without a strong and profitable manufac-

The winning of export orders for goods and equipment supplied from north of the succulent service sector of the south-east is essential for both employment and economic growth. International competition is intense, and regrettably government intervention, government aid and government-backed credits have become an essential ingredient in the competitive whirlpool.

To pretend that government

has no role to play would be

folly.

I personally, however, take great comfort from the statement of Mr Norman Tebbit, the then Secretary of State for Trade and Industry, in his evidence to our committee on June 19: "I think it is a matter for concern they our manufacfor concern that our manufac-turing base should not be eroded to the extent where we can no longer offer jobs to our people and sustain the service industries which are industries which are in many cases dependent to a considerible extent upon it."

louse of Lords, SW1.

Export credit

insurance rom Mr J. Friend

Sir.—If the mark of a good iblic relations exercise is to ake totally unpalatable news impletely acceptable then for its omissions. True, he plots ports Credits Guarantee De the recent decline in Indepen-

terms of coverage and prem it is very wide of the

Letters to the Editor

Export credit insurance from the private sector, especially for developed countries such as South Africa, is very often much better than that available from ECGD Cortainly if 1 per feasional and nonular. from ECGD. Certainly if 1 per South Africa as far as ECGD is concerned then some companies offer very much more attractive rates. As for the question of cover there are many private sector companies who are able to offer average. are able to offer export credit insurance on very much more attractive terms all round

than ECGD. The view that ECGD still has an advantage over the private insurance sector may have been true 10 or 20 years ago but is certainly no longer the case

J. C. W. Friend (Manager, Export Department), Trade Indemnity, 12-34, Great Eastern Street EC2.

Auditors' duties

From Mr J. Smith Sir,—In his letter on "Auditors' duties," (October 4), Mr J. C. R. Dow refers to the func-

J. C. R. Dow refers to the func-tion of auditors as "certifying to shareholders that a bank's accounts present a true picture of its position..."

There would prohably be less confusien in any discussion on this subject if those involved remembered that the auditor's main duty in relation to annual accounts is to report on them. accounts is to report on them.

In reporting whether, in his opinion, the accounts give a true and fair view, the auditor does not certify them.

J. E. Smith, c/o Postbus 373, NL-2280AJ Ryswyk, Netherlands.

Commercial

From Mr B. Waters

ports Credits Guarantee De-riment can fairly claim to ve scored a number of points the article "ECCID lits rates exports to South Africa" tober 4.

Interview of the control of the case of the case of the case of the control of the

Infortunately in making its erning regulations.

But somehow he manages to avoid reference to the two most popular commercial stations The lack of an effective hroadcasting to Britain — mechanism for the distribution Caroline and Laser. True, their of market information means

fessional and popular. Is it not ironic then that it is only legal for non-British adver-tisers to take advantage of them (on Caroline, Nikon, Newsweek, Hawaiian Tropic, for example)? Caroline has been broadcasting for over 21 years from a ship. Is it not time for like it to be allowed to give British audiences the standard of choice in radio long enjoyed in North America, and give radio advertising a real oppor-tunity to make that element of the licence fee redundant? Brian Waters, Boisot Waters Cohen Partner

ship, 64 Wilton Road SW1.

UK defence procurement

From the Defence Correspondent, Union of Independent Companies

Sir,—There is no question that Mr Peter Levene's work in defence procurement (Octo-ber 9) is of considerable importance both to the pursuit of "value for money" and to the future development of the economy of a whole. Recent research in the UK and the U.S. has demonstrated the link between defence spending and the development of job-generating small high techzology firms central to the economic recovery of the UK. The move towards "fair" competition at systems and sub-contract level is to be welcomed. Mr Levene's conviction that the largest failing in MoD's pursuit of "value for money" has been in the exten-

sive use of cost-plus contracts is correct. In practice these represent a direct subsidy from the tax payer and encourage inflation-led pay settlements. Effective competition, how-ever, only exists where the firms best able to supply are given access to the market. A number of factors conspire restrained transfer of economic power to the primes which is often described as "inviting the wolf to babysit." The new contract terms proposed by Mr Levene will help if they are monitored and enforced.

that the system effectively selects it's suppliers on the basis of communications ability. simple measures to increase the would double the number of firms willing to compete and encourage selection on the basis

of manufacturing ability. The time is passing when we can view UK markets in isolation. There is a new emphasis on collaboration and the development of a European defence market.

44-46 Fleet Street, EC4.

Sugar and

the EEC

From Mr G. Taylor
Sir,—I note (October 16) that
Tate and Lyle's next withdrawal
will be from Belize. As one of 2.500 former cane sugar refinery workers in Liverpool I have some sympathy for the cane farmers you describe. I have never understood why the EEC prefers beet sugar. Relative to cane it is difficult to grow, low the liver and tricks to refer yielding and tricky to refine. Sugar is one of the few basic raw materials in which de-veloped and third world countries compete as producers. So what do we do? Selfishly

insist on our inferior beet. Moreover, our farmers surely have many alternatives to beet, which are more successful; whereas the growers of Belize doubtless have few alternatives as satisfactory as sugar cane. To my list of strange things south of Watford Gap, I add Brussels.

G. S. Taylor, 41 Argarmeols Road, Formby, Liverpool.

Losing the game

From Dr A. Romeo.

Sir,—I am writing in reference to the article (October 10) on "How the Japanese write Although I found the article of considerable interest. I was somewhat dismayed by the "haseball metaphor" in para-graphs one and two; The terms "end-runs" and "quarterback sneaks" are not from baseball but rather from American foot-ball. Also, the phrase "winning many more runs" is inappro-priate. In baseball, teams "score" runs; they don't "win" them. They win (or lose) games.

As an expatriate American struggling to understand games like cricket, I can sympathise with the less than full understanding of the terminology of baseball. When in a position of limited knowledge, however, one is perhaps best advised to avoid such metaphors. Their use just doesn't seem " cricket." Dr A. A. Romer Unilever UK Central Resources, P.O. Box 68,

bringing our worlds together For over fifty five years now the Arab Bank has been working to bring our worlds together. A truly international network with more than 80 worldwide branches and affiliates, the Arab Bank works literally around the clock to perform services for its clients, to strengthen economic relations between the Arab countries and the outside world and to provide an insight into the complex and lucrative Arab markets. Our branches and affiliates span four

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FINANCIALTIMES

Monday October 21 1985



Terry Byland on Wall Street

Spotlight back on electricals

whether its present run of optimism is a harbinger of a renewed bull market, or just a case of takeover irenzy, major investors are taking a fresh look at the electrical utility stocks which took such a battering

Indeed, it is hard to see why the sector should remain so firmly out of fashion, for the fundamental factors look highly favourable for the electrical utility companies. Inter-est rates, having fallen sharply earlier in the year, are still low and will fall further if the G5 plan for the dollar proves effective. There are signs of an economic recovery in the U.S. which will show itself quickly in the form of increased usage of electric power. And, most importantly, inflation in the U.S. re-

Yet, the Dow Jones utilities aver age, which takes in the telephone stocks as well as the electricals, is 8.5 per cent off its peak, compared with only 4.3 per cent off for the Standard & Poor's 500 and new peaks for the Dow industrial aver

One reason is the violence of the July sell-off in utilities which brought the biggest one-day fall in utility stock averages for more than two decades. Sellers were essen-tially securing profits - stocks had

Сопрапу	pany % below ? peak	
Consol Edison Duke Power Dow utilities	10.5 5.7	7 7.8
avg Dow indust, avg	8.57 0.03	9.11 4.50

gained up to 20 per cent since the beginning of the year and were selling at eight times estimated 1985 earnings on a yield of 8.4 per cent. With many other industrial stocks in the doldrums at that time, investors took profits out of the utilities on the first whispers that short-term rates might be about to

Now, with many utility price earnings ratios around 7.5 and some below 7, and yields returning towards 9 per cent and 10 per cent, the sector more rationally rated against the S & P 500 p/e of 11.89 and yield of 4.26 per cent.

There is wide divergence in ratings of electrical utilities, however, which reflects a range of potential vestment costs among the leading

The industry obtained only about 52 per cent of the rate increases it sought during the first nine months of the year. Rates allowed permitted about 14.81 per cent based on about a full point below that sought by the utilities.

These rates indicate that not all companies will be strong performers over the next two years. After somewhat pedestrian performances from the electric utilities in the first half. Wall Street is not looking for fireworks this year - estimates range to a gain of 1 per cent over 1984. Next year, however, the analysts look for an average gain of about 3 per cent, with a substantial gap between those at the top and

those at the bottom. Consolidated Edison, for example, remains a prime stock for most brokerage houses, but may well turn in lower profits this year. With 80 per cent of its earnings generated by selling electricity in New York. The company was hit by the city's curbs on air conditioning this summe - also, paradoxically, a rela-

But in 1986, Consolidated Edison could regain ground strongly, pushing earnings up by more than 8 cent. The company is a good divi-dend payer, and, like many other utilities, has ample generating ca-pacity, after completing a building

Another likely to benefit from completion of a construction programme is Duke Power, with added success of bringing its nuclear poered plant into commercial production, thus ending exposure to the

orld Weather

Elders poised to launch £1.75bn bid in Britain

ing group, is expected to launch had found any firm partners.

Britain's biggest ever takeover bid The speculation was that it

Elders, which has a market capitalisation about a quarter of that of its target and which holds 6 per cent of Allied's shares, first signalled its intention to bid six weeks ago and since then has been trying to find international partners for a consortium that would divide up

The Australian company is most tium partners and to find out interested in acquiring Allied's whether the bid will be referred by brewing interests, which include the UK Government to the Monopolind Coope, Double Diamond and lies and Mergers Commission.

A group of international banks,

C1.75bn (\$2.47bn) for Allied-Lyons, around 250p to 260p a share, valuthe food and drinks conglomerate.

Elders, which has a market capital compares with an Allied closing price on Friday night of 275p a share. British analysts believe a successful bid for the group would have to be pitched nearer 350p a share.

However, an initial Elders bid around 250p might prove just a sighting shot, giving the Australian company more time to seek consornot to help Elders by selling their lies and Mergers Commission. Australian
A group of international banks, ant jibes.

ELDERS IXI., the Australian brew- But despite this long search there co-ordinated by Citicorp of the U.S., ing, agricultural services and trad- were doubts last night that Elders has arranged loan commitments enabling Elders to make an offer of its own around 250p. It is thought that today with an offer worth about well launch a bid on its own at any offer today might include a Citicorp loan note issue to make the package more attractive to institu-

Elders, which brews Foster's, Australia's leading lager, has attacked Allied for having beer brands which are "tired" and for being second best in too many of its

tium partners and to find out shares says it is an outstandingly successful and valuable British company," and has accused the Australian group of making "ignor-

Leyland scales down plans in new bid for Bangkok contract

BY CHRIS SHERWELL, SOUTH EAST ASIA CORRESPONDENT

state-owned Levland vehicles group, whose bid to revamp Bang-kok's bus system was dramatically halted by the Thai Government last week will today make a last effort to save the contract. It will submit revised proposals, worth £94m (\$134m), less than a quarter of the original £385m deal.

The British team's new proposals involve the supply of 770 highcapacity double decker buses for use on selected routes in the Thai capital, the construction of depots and workshops, and management and technical assistance.

A key feature of the bid is that the British Government's £20m aid contribution towards the deal remains on the table, magnifying its effect several-fold. The consortium also contains generous offers on counter trade and Thai local

The net foreign exchange cost to the Thai Government is reckoned to be just £42m, which should be at-

EEC ministers

lead on Treaty

Continued from Page 1

urged to give

A CONSORTIUM led by the UK tractive given the urgency of the financial crisis confronting the debt-

Transit Authority (BMTA).

The original ideas will, meanwhile, not be altered; as Leyland points out, these have already been technically evaluated and approved. As a result the Thais would have an ention to implement the original deal if this first phase proves a success and the economic situation

The revised plan, which would be carried out over two years, follows urgent consultation between the Bus, the National Bus Company and MVA Consultants - and the UK Government, notably Mr Paul Channon, the Minister for Trade, who was in Bangkok last week, and the Department of Trade and

At stake is the future of Leyland Bus, which had stood to win one of Britain's biggest ever manufactur- nal debt. But the contract still re-

job losses if no business is won in Theiland.

Either way Leyland maintains that the BMTA itself will be in a better financial condition as a result of the revised deal, and this would make possible its privatisation, another proposal considered

The proposals will be handed to the Communications Ministry today, one day ahead of the next Thai Cabinet meeting. Mr Ian McKin-non, managing director of Leyland Bus, is meanwhile on his way to Bengkok to back the bid.

The speed with which the new deal was put together is an indication of the co-operation between the consortium and the UK Government - co-operation which by all accounts was sadly lacking before last Tuesday's fateful meeting of the Cabinet, which decided the deal would add too heavily to the exter-

rights in takeover battles when the

the most suitable bid for the assets

The new Pantry Pride offer comes after a spate of Wall Street

criticism of the complex Forstmann

Little buyout proposals, which origi-

nally involved a plan for Mr Michel

Bergerac, chairman of Revion, to

take an equity stake in the division

acquiring the profitable health care

quently dropped out of the equity

Pantry Pride offers \$1.8bn for Revlon

BY TERRY DODSWORTH IN NEW YORK PANTRY PRIDE, the Florida-based thwart an alternative takeover,

treaty on human rights, while both supermarkets group, returned to gives Forstmann Little the right to Denmark and the Netherlands have the attack in its bitter takeover bat- acquire the company's Vision Care proposed changes to regulate EEC tle for Revion at the weekend with group and National Health Laborata revised tender designed to top the ories for \$525m if any person or Today's debate will centre on the

rival leveraged buy-out bid for the group acquires 40 per cent of Rev-cosmetics and health care group. proposals on decision-making, intended to make it feasible to re The new all-cash Pantry Pride ofnove all remaining national barrifer increases its previous bid of board believes that it has secured ers to a single internal market by \$56.25 a share to \$58 a share, slight-1992; and on the plans for the Euroly over the \$57.25 a share offer from and wants to freeze out alternative Parliament and the Forstmann Little, the New York- proposals. investment partnership which specialises in leveraged buy-

Luxembourg, currently holding the EEC presidency, wants a deci-sion on which line of reform to folow. On the one hand there is the Commission approach, which would require all decisions on principle and broad strategy to be unanimous but all decisions on implementing

policy to be taken by majority The alternative approach has been put forward by France, which would leave key decisions on the internal market to be unanimous unless the European Parliamen had voted in favour of the particular move. In the latter case the member states would then vote by qualified majority, thereby if neces

sary outvoting one or two individual Reforms affecting the European Parliament are likely to be even more hotly disputed, with Italy sugesting the most radical chang an effective power of veto in kev areas - and Denmark, Britain reece and indeed France all much

nore cautious. The problem for the ministers is that in the end all their decisions for full-scale treaty amendment

Craxi may be asked to form new government

on an injunction being granted acquiring the profitable health care against a "lock-up" option given by operations. Mr Bergerac subse-

Continued from Page 1 Abbas was not sufficiently under-U.S. Administration, and that the

outs. It puts a value on the company

Pantry Pride said that its revised

offer was not subject to any financ-

ing conditions, but was dependent

This provision, designed to group.

of a little more than \$1.8bu.

Revion to Forstmann Little.

Sig Craxi's standing has not been damaged by the fall of his government. Rather, it has been greatly

Mr Whitehead told Sig Craxi that the hijacking, and by the tacit U.S. the Italian decision about Mr Abu admission that it may have been partly in the wrong.

That should make the domestic U.S. reaction may have been too political crisis easier to solve because it cuts ground from under the feet of Sig Giovanni Spadolini, the leader of the Republican Party and former Defence Minister, who strengthened, both by his bold ex-posure of the overbearing U.S. issues that the U.S. appears pre-treatment of Italy during and after pared to forget.

Montedison reshaping

Continued from Page 1

Gemina is the equivalent of a palested in "a permanent presence" in ace revolt in Italian finance. The Montedison through Gemina. overall change in Montedison's shareholding structure is to be ac- that if a suitable buyer can be found complished - according to senior for Gemina's 17.1 per cent Montewho asked not to be named - in current stock-market prices - it will

Montedison will launch a rights is- diluted by its not taking up its sue of about L400bn. That will come rights. some months after Montedison recrease share capital from L1,100bn

the plan for a change in the share-holding structure of Montedison. subscribe for any more shares. Sig That virtual declaration of inde-Gianni Agnelli, Fiat chairman, said pendence by Montedison from last month that Fiat was not inter-

It has, meanwhile, been learned be sold. If not, the Gemina stake in Next spring or early summer, Montedison would in any case be

A shareholders' consortium to be ports its first profitable year for a led by Sig Gardini's Ferruzzi Group would subscribe for much of the Montedison equity issue, boosting to L1,500bn. Present group debt is its effective stake to 15 or 20 per Gemina, which is 26.9 per cent son's largest single shareholder.

UK job cutbacks given higher priority

LABOUR saving has become an even more important factor in the investment planning of British companies than it was two years ago, according to an extensive poll of se-nior directors conducted for the Fi-

Only 9 per cent of respondents said the need to save labour mattered less now than it did in 1983. Half said it mattered more. Nearly 60 per cent of the companies polled replied that they were not yet thinking of increasing their payroll.

The findings also suggest that only 18 per cent of companies have taken steps in the last year or so to employ more members of the ethnic communities – a matter now un-der study by the Home Office. Only 11 per cent are planning any fur-

In their investment decisions, rel atively few companies pay much attention to maintaining local comnunities that may be dependent on them. Twenty-one per cent said they paid "a lot" of attention, although the figure rose to 37 per cent in the north of England. Thirty-one

> Main obstacles to com ernansion (perce

Lack of markets High interest rates Exchange rate High labour costs Lack of mobility in labour force nce by trade

per cent said they paid "some" attention and 41 per cent said that

Easily the biggest option to company expansion was listed as "lack of markets" - by 47 per cent of re-spondents. Next came high interest rates (30 per cent) and the exchange rate (25 per cent).

Lack of available skills was mentioned by 18 per cent and high la-bour costs by 13 per cent.

Most companies appear unworried about their recent wage settlements. A total of 73 per cent said that they were "just about right," 11 per cent said that they were "not sufficiently differentiated," 9 per cent said "too high" and 5 per cent

Of those that said that they were "too high," 40 per cent mamed "trade union pressure" as the main reason, 31 per cent "recent profits growth" and 20 per cent "weak manage-

ment." There was a deviation in the banking, finance and insurance sector, where 21 per cent of those

tions in the responses to the questors or the size of the company. Respondents were asked by what

would have to fall for their compa ny to consider employing more peo ple - "less than 10 per cent" or more than 10 per cent." One fifth said "less than 10 per cent," and one cent." The rest refused to commi On the question of whether Brit-

ain should become a full member of the European Monetary System, 63 per cent were in favour, 24 per cent against and there were 11 per cent "con't knows." There was an almost even split

on whether Britain should go in at the present £-D-Mark exchange (around DM 3.75). Forty per The key question about future

labour-saving a more or less impor tant consideration in your invest ment planning than two years ago? Half said "more," 39 per cent said "about the same" and only 9 per cent said "less." While 39 per cent said that they

were "giving more thought to in creasing their company's payroll, 59 per cent said they were not.

The response to the question about employing more members of the ethnic communities was striking in that there were only around ? per cent "don't knows." Eighty-one per cent said that no steps had been taken in the last year and 87 per cent said that no further steps were

The banking, finance and insurance sector was a slight exception, in that 17 per cent said that further action was under way.

Marplan interviewed a represen tative sample of 505 company directors on October 17-18. The companies were selected at random from the Dun & Bradstreet market facts file. Interviewing was conducted by THE LEX COLUMN

Gearing up on Wall Street

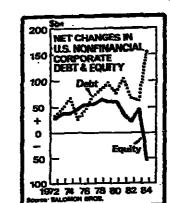
Takeovers in the U.S. are no long-er the prerogative of large and rich corporations with big board listings and triple-A credit ratings. The most ordinary, self-styled entrepreneur can exert enough leverage to shift the management and owner-ship of practically any U.S. corpora-tion smaller than General Motors. Relying on the unlimited quantities of of junk bonds, always unrated and often of dubious quality, any financier with enough nerve can bid for almost anything. The game is to buy a company on easy payments secured by its own assets, turning the equity into debt. Under these rules Wall Street has

ringuciai Tunies Saturda October in 1400

been enjoying the huxury of a chronic stock shortage, as far more equity is taken off the market than issued, whether by takeovers or voluntary stock buy-ins. In the process equity prices have been reaching successive new peaks in the face of modest economic growth assumptions and increasing caution about 1986 earnings. Conventional theories of equity valuation, based on the anticipation of earnings and dividends, have been given nearly as thorough a shaking as the man-agers of America's most tired and

insecure conglomerate (whichever that may be). If it were not for takeover frenzy - typified by Friday's emphatically-denied rumour that General Elec-tric (U.S.) and Schlumberger were combining to dismember Litton In-dustries - it is likely enough that the market would by now be showing signs of strain. When the narrowly-based Dow Jones industrial average peaked last week, it was accompanied by only a thin sprink-ling of stocks reaching their 1985 highs, the majority connected with takeover speculation. Similarly, the market's advance appears to have been concentrated mainly in those sectors, such as branded foods and cosmetics, where the bid activity is

The takeover boom has given a Higher returns new edge to the old saw that the value of a share is what the market says it is. For the general market assumption now seems to be that a



funds implied by raising the finance largely through issue of junk

This effect is seen at its starkest when the assets under attack are largely intangible; such as the brand names owned by Revion and bid for by a shell-company, Pantry Pride, in paper of ever-increasing yield. When the bids come from corporations that are using real money - as in the many-cornered battle for Richardson Vicks - the bidder's valuation sums are still bound to start from the premise that an auction nay be won by an ostensibly higher bid financed largely by junk.

In this sense there is yet again a two-tier market in U.S. stocks, al-though this time the division is not that between high-growth/high-multiple shares and the ruck, valued mainly according to yield. The critical boundary now hes between the mass of stocks, priced close to book value on the basis of their expected earnings, and the pockets of market inefficiency where the sharp-eyed can discern "value" current Wall Street shorthand for a discount deep enough to justify the risks of a leveraging operation.

The theological case of this approach is that the discounts only occurred without squeezing higher cur because managements have share is properly valued only if the been so careless of the shareholdchance of a takeover is fully dis-counted. The consequences of this geared - thus failing to maximise assumption are the sharper because the takeover premium now If someone can come in with a bid struction work stands to be cruelly appears to be set by the often start-that closes up the discount, share-exposed. It is no doubt just as well appears to be set by the orien start-ling price at which a leveraged deal holders ought to take the money that recession is nowhere to be small and are a breakeyen return and run. Whatever the merits of seen in the economic projections of even allowing for the high cost of this argument, by bringing outside Wall Street.

ued portion of the market, it is clear that takeover activity does jack up the overall return on shareholder equity in the U.S. markets. Apart from precipitating a whole sale retirement of stock, thus help ing to tighten the market, there is a

mathematical benefit to carming.

Transforming a company's equivinto debt replaces the affective dividend stream with a tax-deduction. ble interest burden without going the whole bog, a judiclous boy in programme is good for the look of an earnings statement. And that is something which Wall Street is like ly to reflect in higher share prices. even if the lift to earnings provoke no inflation of P/e multiple

Tax benefits

Since there is by definition at-ways going to be part of the equity market in which returns are being the mean there is no obvious point at which the process of levening them up must come to an end. With a structure of bond yields which escourages everybody to borrow. short, and a tax system which makes the real cost of that borrow ing less painful than it appears. does not appear that the process is about to be choked off by the credit markets either. But it is concen able that a takeover boom in the subnormal end of the corporate sec tor could boil away for years on and without doing much for the own!

If it is fuelled by an expan debt, however, the structure creat ed by a series of constantly larger takeovers threatens to become intakeovers threatens w creesingly rickety. In a U.S. temper my where the well-known growth of federal debt is being paralleled by an historically abnormal growth is the debt ratios of the personal and company sectors, an obvious price is increased vulnerability to shocks. Where individual deals are being put together without a safety naton the explicit admission that the eash flow out of the business after it has been knocked down - the risks

are particularly acute. In anything like a traditional re-cession, a lot of speculative con-

BOWATER INCORPORATED **Net Income up 9%**

	Hise Months anded 28 September '85 US\$ Millions	Nine Months ended 29 September 184† US\$ Millions
SALES	666.0	650.7
INCOME BEFORE TAX front continuing operations	79.1	620
NET INCOME	48.8	429
EARNINGS PER SHARE Assuming full conversion of convertible debendures.	US\$ 1.54*	uss 1.58

* Newsprint margins improve due to productivity improvements and tight cost control.

★ Net income for nine months was up 9% over 1984 ingure despite a lower third quarter.

★ Slower US economy and strong US dollar have adversely affected advertising demand and export prices.

★ Coated paper continues to operate at capacity.

Bowater Incorporated of Darien. Connecticut is the largest producer of newsprint in the USA, and a major manufacturer of coated publication paper, bleached kraft market



FINANCIAL TIMES SURVEY

Computers in Banking and Finance

Banking is moving beyond backoffice electronics and automatic tellers into the critical area of machines allowing customers direct access to accounts

Swimming with the electric tide

By Alan Cane

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THE electronic earthquake has passed leaving the foundations of the banking world shaken but intact. The tidal wave of new service opportunities which followed is still roaring across the financial countryside.

Bankers and their contem-poraries in other financial institutions have by now got more than their feet wet. They are in over their heads and swimming with the tide—some more strongly than others.

have actual control over technological resources.

"This approach improves the alignment of costs and revenues with markets and establishes directly against the form

Among the old guard there is still unhappiness and uncertainty. A study by the management consulting arm of accountants Touche Ross International, which earlier this year examined banking technology that the technology in their approach to the market who are beginning to show the senior bankers are disappointed nology on the banking industry in spite of the massive sums

They were depressed that they were unable to use tech-

-who had let the technology lead them rather than vice-Winners in the banking technology stakes were those who had exploited the technology to meet market needs. Touche Ross notes: "The more successful banks have taken a market-

driven approach to organising their people and technological resources. Market - based organisations have been estab-

direct responsibility for results."

To a large extent it is falling to the younger managers, more aware of what the technology

The evidence supporting this conclusion includes the appointment last year of Mr John Reed as chairman and chief execu-tive of Citibank in succession to Mr Walter Wriston. Citibank is one of the most innovative



Batteries of computer-aided equipment dominate the modern office, like the international dealing room of Hoare Govett, in London (above) showing gold and mining shares manager Richard Robinson in full flow

as follows:

All the major banks and financial institutions efficient and competent "back office" automation.

That means they have computerised most if not all of that UK bankers are among the most advanced groups in the use of expert systems—ways of using artificial intelligence to provide an automated "advice service." That means they have computerised most if not all of

their accounting and transaction processing functions, shedding labour in the process. This has been developing steadily since the banks first started to instal

pleture. automation. A report from the with the development of micro-The state of play is roughly consultancy Pactel indicated electronics and cheap computing

Belgian banks which are among the most advanced in electronic banking, are collaborating with software

they were unable to use technology to achieve a lasting competitive advantage over their principal competitors and they found they had falled to achieve the expected economic returns through reduced operating costs or through fees for Significantly, however, the banks makers who expressed most disappointment with technology were those who had spent their picture.

Iabour in the process. This has been developing steadily since the banks first started to instal computers in the 1950s and inextricably, linked with, its aggressive approach to consumer banking using all the technology at its disposal.

The scale and diversity of bull-wethers of commercial data world-wide are usually the bell-wethers of commercial data world-s financial institutions money to buy and experiment take automation on board is with new equipment and they discovered the banks first started to instal computers in the 1950s and 1950s.

For all their staid ways, banks world-wide are usually the bell-wethers of commercial data world-wide are usually the bell-wethers of commercial data world-s financial institutions money to buy and experiment with technology with set developing steadily since the banks first started to instal computers in the 1950s and 1950s.

For all their staid ways, banks but of a peculiarly inflexible wind. Most of the big banks technology world-wide are usually the bell-wethers of commercial data world-s financial institutions what is happening as the world-s financial institutions are stated to instal computers in the 1950s and 1950s.

For all their staid ways, banks but of a peculiarly inflexible wind. Most of the big banks technology at its disposal.

The scale and diversi

environment minal that would allow its changed sharply. It became possible to provide automated machinery at a

reasonable cost for staff in the branches and even for the customers to operate themselves. This kind of development has massive implications for the fabric of the financial

The need for a physical presence, for a High Street site, is removed at a stroke. A bank or building society can be anya computer terminal.

There is no need, perhaps, even to instal a terminal. This even to instal a terminal. This high-speed cash dispensers, and computer systems for banking tidal wave, there is still ele year Citicorp, parent of Citicorp, parent of Citicorp, parent of counter terminals to help the operations. The most popular tronic culture shock to be over bank, said it was testing a palm-cashier and branch processing manufacturer of these machines come before the cashless societized personal computer ter-systems to provide customer is still Tandem of the U.S., can be said to have arrived.

customer to check a bank balance, transfer money between accounts, look up recently written cheques and

" bank-in-your-pocket " economies of scale in comput-ing power did make possible the development of extensive

customers in the U.S. to do business with it without entering a bank. The terminal can be plugged into a telephone to allow the

Contents UK developments Cash management Banking systems Branch automation Profile: Postipankki Regulations Page 10 Scandinavia Belgium Netherlands Page 11 **Building societies** Retailers' views Page 12 Union views

information

On the wholesale side, it made possible aids for the banks' foreign exchange and money markets dealers, electronic cash management systems and inter-bank messaging and communi-

As Touche Ross points out, the name of the game changes with the introduction of these services. "A major emphasis is reducing branch labour and automating branch operations." the report says. The basis for investment begins to migrate from cost reduction to main-tenance of market position."

Most critically it points out:
"In most cases, the centralised
data processing function maintains control over technology
strategies. As a result, the
technology implemented often
does not meet customer needs."

Batchorientated computing: Batch-orientated computing is not suited to these transaction-

orientated operations. New computing systems have had to be installed : new data com-munications networks to handle

the volumes of traffic expected.
As the financial institutions invest in this new capability, the drawbacks and disadvantages have begun to make themselves

This year the Bank for International Settlements (BIS) warned of the dangers of hardware malfunctions, power supply failures, and industrial action where automated funds transfer systems were involved, Most banks, it pointed out, can no longer rely on manual procedures as a fallback security

measure.
"With international banks operating in most of the world's banking centres, the technical is, for most people, something inability of a bank to fulfil its for the future. But the new commitments in one centre may systems elsewhere."
All of which is the reason

networks of automatic teller there is so much interest in machines ("banks-in-the-wall"), what are called "fault tolerant" high-speed cash dispensers, and

although Stratus, another U.S. company is also beginning to circles.

Tandem computers have been specified for systems which involve providing an "electronic window" into a bank's main

data files.

This is perhaps the most critical technological question that bankers face. Virtually all the new and powerful delivery mechanisms they see as the key to their futures. as the key to their futures terminal and the bank's own

Enthusiastic

The thought is enough to give most bankers apoplexy. It is a little like letting a monkey with a quill pen loose on the old accounts ledgers: there is no knowing how much damage could be done.

could be done.

It seems, however, that although there is massive activity in the banks, building societies, trusts and so on, and although suppliers are offering a cornucopia of new products, progress in some of the key areas may be slower than expected.

expected.

Electronic funds transfer at the point of sale (EFT/POS). the replacement of cash and cheques with a plastic card, is one example. The banks are enthusiastic because they see it as a way of cutting costs. Retailers are dublous about the benefits, and the public scentical or anatheric

sceptical or apathetic.
The same seems to be true of banking from home in the UK and U.S., although progress has been rapid in West Germany and France.

Even in the heart of London's finance industry, much of the City seems unclear about what sort of technology it should

employ and why.

After the earthquake and the tidal wave, there is still electronic culture shock to be over-

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Computers in Banking and Finance 2

The rush to get on-line

up-to-date information imme-

On line means the computer

tion they have stored.

Developments in the UK

ALAN CANE

is connected directly to a terminal from which a bank IT USED to fit inconspicuously into the Management Services
Department. Now if you telephone any of the UK clearers
with a query about cashless
shopping or down-time an cash
dispensary libely as not say staff member or a custo making a request for information. Real time means the information is delivered immediately and directly from the

shopping or down-time on cash dispensers, likely as not you will be put through to "Electronic Banking."
The big U.S. banks, led by Citibank with Bank of America. Chase, Chemical—and the rest in hot pursuit—have boasted one references for some time. bank's computer files.
Such a way of working presents the banks and other financial institutions with a number of problems. First, such refinements for some time now, but it is comparatively new to the UK.

Yet these new electronic banking departments are more than mere affectations, pale copies of their aggressive American counterparts. UK banks and financial institutions are at last taking electronic

inancial seriously.

One critical piece of evidence is the planning and financial resources now being poured into high capacity data communications systems, the networks needed to support the substantially higher volumes of business expected with the growth of automated teller machine links, branch processing capabilities and Saturday

opening.
The resources needed are ne resources needed are huge but there is no alternative. Earlier this month, Barclays announced it was going to spend £40m over five going to spend 224th over her years to create a new, country-wide data communications network. The funds are being split roughly three ways between British Telecom which will provide the telecommunications lines, IRM and the Canadian telecommunications company, Northern Telecom.

Virtually every area of the UK financial scene is currently in ferment over new technology from insurance companies banding together to inform themselves about expert systems—the Aries project—to the worried haste in the Stock Exchange as members and the Exchange itself hurries to put in place effective automation before the "Big Bang" in October 1986.

There are four areas, how-

There are four areas, how-ever, where banker's minds and the minds of the leaders of other UK financial institutions are particularly concentrated.

The first is the development of on-line real time systems.

This represents the biggest task, at any rate for the banks. Other smaller, more sgile organisations are often at an advantage here.
The TSB Group, for example, claims to be the only bank in the country to offer an on-line

real time computer system capable of providing instant, to branches and customers. According to TSB: "The system is also ideally suited to future developments such as electronic funds transfer at the point of sale reciprocal arrangements between banks

and home banking." why should the TSB and others seem to have an edge? Despite the occasional error,

for the use of cash dispensers

the big banks have got back-office automation ficked. The problem is that requirements statemen orders of cheque books and statements and can be programmed to provide have changed and the systems so well timed to batch account ing are slow and ungainly when faced with the need to provide

All the clearing banks have extensive networks of their own, and Barclays and Lloyds own, and Barciays and Lidyus and Midiand and NatWest have reciprocal agreements for the dispensation of cash from each others machines if not for the transfer of account informa-

Building society plans to challenge the bank's with a substantial shared network fell apart when the bigger societies claimed they would be shouldering most of the costs for a disproportionately small share of the benefits.

Now a number of ATM sharing networks have been announced involving building their mainframe computers were designed to process large numbers of records at high speed in batches. They were not designed to be interrupted continuously to provide information or accept new data.

Second, the hanks have to societies, savings banks, and other institutions. Now many of these organisations are beginning to learn that reciprocity does not always make you Second, the banks have to decide how best to let their

money.
The benefits, in fact, are frequently biased in favour of the smaller partners. But the the smaller partners they staff and their customers see into their records, how best, in the smaller partners. But the equation for whether they should be charging each other for reciprocity agreements and how much, is complicated by the fact that some of these expensive facilities are so underutilised it is worth low reciprocity fees to encourage fact, to provide an "electronic window" into all the informa-Why should it be necessary at all? An important reason is that the growth in transaction volumes from wholly automatic devices like automatic teller machines, cash dispensers—especially when they are linked into large networks—means that an institution's exposure can change dramatically without it being aware of the fact unless it is monitoring its position on-line in real time.

The second major theme is inter-institutional charges for shared services. The best example is probably shared ATM networks. Full feature ATMs pay out cash, deliver devices like automatic teller

The third theme is the question of the "electronic window" into the bank's own computer files. It is most acute in the case of corporate cash management. The UK clearers all provide electronic cash management services through third. an provide electronic cash man-agement services through third party vendors — computer bureaux offering a data network and software to extract infor-mation from the bank's com-

The disadvantage an operation is formats provided by bureau. Furthermore, costs the service can rise draumates with use.

ventional bareau based that processing. In the late 1976, ADP, a U.S. bureau, and office solved the problem with a solution it called "on size." In provided the client with a solution of the client with a solution of the client with the c provided the client with a provided the client with a powerful computer, on his own use, the premises, for his own use, the premises, for his own use, the premises of the pre ing up where necessary-bureau services.

Now companies are provid an analogous service for a financial community. NatVi financial community. And for example, has been the an European bank to take a cumanagement service case "Nets" from the U.S. sansat NDC. It involves a Tanker NDC it involves a Tanker computer on its own prantites with special software to the trieve information from the mainframe files.

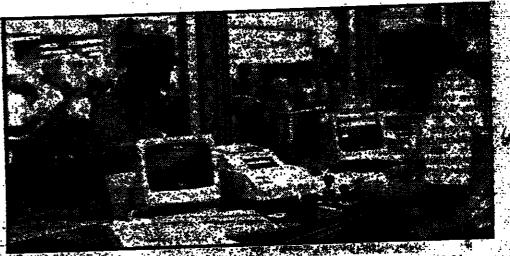
Another system. Forte, marketed in the UK by the CAP group is expected to be said to another UK clearer within the next few months.

The fourth trend is towards the purchase of packages. This and Forte are packages. This Midas, a banking package which has far outerware its

has far outgrown its for exchange origins, continue be the biggest seller i nationally.

ATMs are controlled by ware like ON2 and Base 24 supplied as packages. The days of the big bank data centre with armies of programmers creating bespoke software for the bank's special requirements would seem to be numbered.

NEW FOREIGN EXCHANGE SYSTEM AT AIRPORTS



£300,000, for its branches at Gatwick (above) and Heatha day, every day of the year, of the ISC "Pinnacle" system has been operational at Gat-wick arrival hall since June where the Midiand branch

handles an average of 2,600

transactions daily for the pur-

chase and sale of foreign

transactions in a hundred different currencies and print receipts. In all, some 49 different types of transaction —including damestic banking.
— are controlled by the system which is claimed to across multiple currencies and provide rapid, comprehensive branch reports.

Installa on of the second "Pjanzele" system at Midland Bank's Heathrew branch is ex-

poeted by the end of this year.

ISC Systems (UK), based
in Mitton Keynes, is a subsidiary of ISC Systems Corperation of Spokane, Washington, which new has a turnover of £150m a year. Among its customers are 117 U.S. comspeed-up end-of-day balancing ... 1,500 thrift (building society) clients. In the UK, ISC-users include the Peckham Building Society, Midshires Building Saciatornal Principality Building Society.

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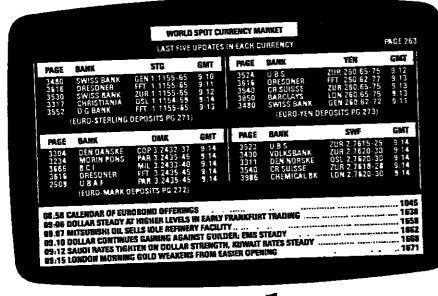
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Slow advances on a bumpy road

West Germany JOHN DAVIES

FOR THE most part, West Germany's bankers are still inclined to give the benefit of the doubt to the country's videotex system, Bildschirmtext (BTX). Although disappointment and criticism are widespread, many bankers still believe that BTX has the potential to play an important role in developing the country's electronic financial services.

But the snall-like pace of BTX shows just how long and bumpy the road to a cashless society is proving to be. It has served to reinforce the cantious approach which many in the West German banking community adopt to visionary technological schemes.

The original concept of BTX

minary anost technological schemes.

The original concept of BTX as a mass medium has long since given way to a more sober view. After all, it has only a modest total of about 32,000 users, with the number growing by about 800 to 1,000 a month.

Via ordinary telephone lines, users are able to call up data from about 3,800 information providers through the sophisticated computer network which IBM has set up for the cated computer network which IBM has set up for the Bundespost, the postal and telecommunications authority. One of the key advantages of

BTX is that a growing number of external computers are being connected, including main-frames in major banks. As a

The cost of this equipment is not exorbitant and is coming down but it is still obviously much too high for most individuals. BTX is therefore considered unlikely to catch on in West German households for

main users of BTX for banking and other purposes in the immediate future. In this scheme of things, BTX can be seen as an important means of feeding the banking data into a personal computer in a company's finance department. With autobialing, the PC can pull in data from various banks for further processing, along with data from other sources, external and in-house.

ternal and in-house. A number of major banks— and some innovative smaller ones—are already offering electronic cash management electronic cash management schemes which envisage a part being played by BTX, Dresdner bank, in particular, has been making strong efforts has been making strong efforts to promote its electronic services, including the debit package which uses BTX. Among the latest to lannch a service of this type is Bayerische Vereinsbank, with its headquarters in Munich.

Debit package

The large U.S. banks active in West Germany, such as Citibank and Chase Manhastan, have also been incorporating BTX into the range of electronic services offered to local clients but, with their own established international links, they see BTX as a limited though important to their communities. tant adjunct to their communications services.

Among bankers, critics of BTX argue that it is relatively slow and cumbersome as a result, West Germans willing to buy the necessary equipment to call up BTX can carry out banking transactions from their living room.

The cost of this carriers as slow and cumbersome as a transmission medium. Security has also been a hofty-debated point of controversy, especially since the youthful enthusiasts of the Chaos Computer Club in nesses in the system.

As the West German Banking Federation in Cologne points out, many banks have invested heavily in BTX and are not going to give up quickly. Banks, in general, are prepared for a long haul with BTX but, at

ware house of Computeranwending Fuer Management (CAM). ware nouse of computeranwendung Fuer Management (CAM). It was among those who recognised the need to ensure the compatibility of the BTX data offered by various banks and has established strong links with major banks in pursuing this good. With competition between

banks in West Germany very intense, it is not always easy to bring about consensus or combring about consensus or com-patibility. This is evident from the current controversy about the savings banks plans for their own nationwide plastic card, the S-card. These plans clearly have implications for the Eurocheque (EC) card and for the way West Germany moves towards electronic Point-of-sele (POS) in shoos. of-sale (POS) in shops.

Rival bankers have strong misgivings about the S-card, believing that it may undermine the EC card. The EC card has been built up as a standard-to be used as a bank guarantee of customers' cheques (up to DM 400 per cheque) and as a key to cash dispensers and account statement machines. that only half of their 20m account customers have an EC card. The other half could be as independent; stand-sions deprived of new electronic devices but they may become financial services based on the part of a more circumstance.

EC card, they argue.

With the new nationwide of some indefinite time in the care.

S-card, savings bank customers will be able eventually to get access to their entire account (plus any agreed credit) from automatic machines at any savings bank in the country. They will be able to do this the country a cophisticated network through a sophisticated network of computers which the savings banks have been in the process

of building up.

The savings banks also want and terminalisation.

small to medium-sized ones) least for corporate clients, the S-card, rather than just EC which are expected to be the especially for small to medium-cards, used in any point of sale main users of BTX for banking and other purposes in the imitary seems of the second of the sale with one company which has found a sizeable niche in this field is the Musich-based soft-

West Germany already has embarked on some modest POS experiments in Munich and West Berlin, and bankers have been considering when and now to widen the trials. East PGS still has a long way to go, as there are many questions to be hammered out by bankers, traders and suppliers of equip-ment—including what role chip cards, with microprocessors may play in POS.

Streamlined

The Bundespost, meanwhile The Bundespost, meanwhile, is taking steps to streamline operations at Post Office branches, including its banking services. It has given an order to Nixdorf for up to 4,000 terminals, complete with side were and print-out devices, in be delivered in 1987 and 1988. These are the first of about 20,000 terminals which the Bundespost plans to install eventually to record and process counter transactions. Tangent from sale of stamps to cashing of chemics and anymer account deposits and withdrawals. terminals are envisaged with

Post Office branches is star in pre-electronic age rule. The streamline operations underpin the Bunderost's com-petitive position as against banks which have invested

Operation catch-up under way

Advances in the U.S.

PAUL TAYLOR

THE WAVE of financial deregulation in the U.S. has forced financial institutions to rush headlong into another revolution

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headlong into another revolution of sorts. This is the technology revolution and it is changing the way U.S. banks and other financial intermediaries not only do business, but type of business they choose to do.

Interest rate deregulation, fundamental changes in the operation of the financial markets and new competition from outside the traditional boundaries of the industry, have combined to encourage institutions to take a closer look at product lines, profitability and product lines, profitability and

At the same time customers, both individual and corporate, are demanding ever-more sophisticated products and services together with direct access

to their accounts.
In the banking sector this has In the banking sector this has produced an explosion of activity as managements have realised that the very future of their institutions may depend on the effective and efficient use of data processing and integrated data bases.

A recent report by Salomon Brothers, the Wall Street Investment Bank, entitle "Technology in Banking—A Path to

nology in Banking—A Path to Competitive Advantage" con-cludes, among other things, that "in an increasingly competitive environment, electronic banking is not an issue that financial institutions can afford to over-look."

Potential profit

The report also suggests that there is "a positive correlation" between the potential profitability of various lines of business and "the degree to which technology can be employed to differentiate product and service offsition." offerings."
U.S. banks have long been

considered behind most of their European counterparts in introducing technology, even the of product lines and even speci-basic automated teller machine fic transactions, and target (ATM), to their business. But potential customers.

per cent jump in the activities including funds trans-number of ATMs installed in fer, loans and deposits and com-the eight major national net-number of activities including funds trans-tor example, the investment investment may also prove the banks and brokerage firms have key in the widening move tothe eight major national net-works to over 33,600 in just the first eight months this year,

example, Manufacturers Hanover has recently completed a \$50m five-year project to install a private, integrated worldwide telecommunications network linking its branches in 57 cities.

According to the Salomon Brothers estimates, major U.S. banks, led by banking groups like Chicorp, Security Pacific and others have invested \$75n in electronic banking technology over the pact five years. logy over the past five years. Salomon Brothers also esti

mates that the U.S. commercial banking industry as a whole spent between \$8bn and \$10bn last year alone on computer processing as a result of "size-able investments in both hard-ware and software."

What is more, the report also suggests that the U.S. banks now spend a higher proportion of their non-interest expendi-tures on automation than any other industry with the excep-tion of the data-procesing industry itself.
"Systems and telecommunica-

tions have now become essential components in virtually all lines of business in commercial banking," say the authors of the report. Among the 35-bank groups examined in detail by the Wall Street firm, the report suggests automation-related ex-penses now account for 11-15 per cent of total non interest

The banks' growing investment in data processing spans across the full range of their businesses, from corporate cash management accounts to retail banking, consumer credit services, check clearing and trading. At some banks sophisticated software is now being used increasingly to monitor risk ex-posure, assess the profitability of product lines and even speci-

the eight major national networks to over 33,600 in just the first eight months this year, according to Bank Network news figures.

Indeed, almost all the U.S. Indeed, almost all the U.S. majors have committed themselves to a massive "catch-up" programme of investment in state-of-the-art telecommunications networks computers and other electronic equipment. For example, Manufacturers Hann-

U.S. automated teller networks

Network	No. ATMs Dec 1984	of ATMs Aug 1985		Access card base at Aug 1985 (m)
Cirrus	6,471	8,119	27.3	30.8
Plus	4,675	5,617	26.6	48.6
Express Cash	3,200	5,294	2,1	2,9
Visa	2,240	4,500	20.0	45.0
Citishare	2,400	2,900	8.5	8.5
The Exchange	1,690	2,787	3.4	6.1
Nationet	1,434	2,400	12.9	10.0
Master Teller	1,000	2,000	3.0	6.9
Source: Bank Netwo		esearch: Rryke		

ments of banking groups like Chemical, which is thought to have spent \$10m to \$20m de-veloping its Pronto home banking system, most industry experts believe home banking packages will proliferate as customer acceptance increases. At the other end of the spec-

trum, banks are beginning to grapple with the complex prob-lems of building integrated data bases and in house management information systems. Indeed, perhaps the greatest danger in inherent in the bank's rush to expand electronic systems is that failure to integrate systems could reduce at the full potential cost benefits and lead to disenchantment. As the Salomon Brothers' study notes, "the fragmented approach to elec-tronic banking adopted by many

barely emerged from the test \$55m last year on software, in-phase and most industry an-tegrated systems, data proces-alysts agree that it will be sing and data capture. The several years before banking-at-same studies suggest this spendhome becomes profitable. But, ing could increase by over 20 spurred by the massive invest-

> by without an announcement of another big contract being signed. According to Wall Street Computer Review, a specialised industry magazine, E F Hutton plans to spend \$30m to \$50m over the next two years on mainframes, minicomputers and terminals. Prudential bache spent \$37m last year on hardware and software and Merrill Lynch plans to spend about \$40m alone on PC's for its account executives. by without an announcement of

response to increased competition and thinner margins on ducts and services at the lowest their basic brokerage and other businesses, and in order to enhance their product offerings

It is probably too soon to fully gauge the effects of this new technological revolution on the way Wall Street operates. But like the commercial bankers,

like the commercial bankers, some securities firm executives are already questioning where the changes will lead, and whether the costs are justified. Among the findings of the recent far-reaching "Delphi" study prepared by the U.S. Securities Industry Association and Arthur Auderson, the acsecurities industry Association and Arthur Anderson, the accounting firm, the study noted that technology costs are expected to rise more than any other cost catagory as securities firms attempt to remain commerciative.

petitive. However, the "Delphi" study, compiled with the assistance of senior securities industry executives, notes, "there is an uneasy feeling that these particular costs may be out of control.

Even more strikingly the study revealed that, despite the already massive investment in technology and the further increases planned, some indsutry executives remain unconvinced Among the major Wall technology will substantially improve their competitive advantage.

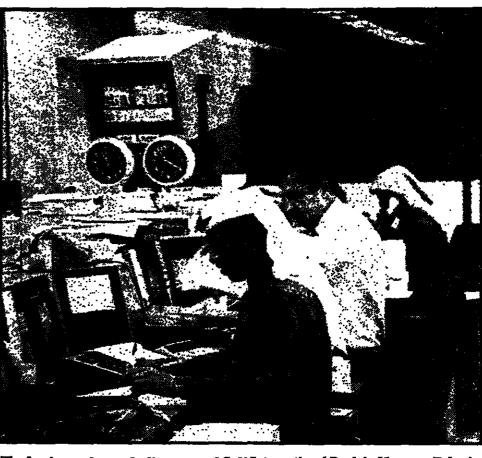
advantage. Nevertheless,

PC's for its account executives. report concludes, "in general, Like the banks, the big Wall we continue to believe that the Street firms are investing in computer technology both in response to increased competition and things response to increased competitions and obtained and the continue will be those capable of delivering productions and the continue will be those capable of delivering productions. effective cost.

"The challenge for bankersand others in the U.S. financial



Brokers at Tokyo's Tanshi money house in Japan



The foreign exchange dealing room of Gulf International Bank in Manama, Bahrain

(ATM), to their business. But potential customers. Meanwhile systems designed and misdirected applications of ment prices coupled with improved reliability and increased performance. For example, ATM prices have dropped dramatically recently heiping spur a 45 for example, addresses 16 major.

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Major shift in automation strategy

Italy DAVID LANE

BRANCHES provide the target for the automation offensive which is underway in Italian retail banking. This is a signif-cant shift since the 1970s, when the major effort was given to head office functions and the creation of large central data processing centres linked by real-time communications to branch networks.

"Our emphasis on branches is partly a result of a decision to decentralise which was taken six years ago, but delegation of authority and responsibility was first of all an organisational choice and out decentralisation of data processing arises from this," says Marco Martini, Banco di Roma's director of information systems.

Data processing at Italy's fourth largest bank is being structured around 11 regional computer centres, each enjoy-ing a large degree of autonomy. Cheques are now processed at cheques are now processed at local level and other procedures which will be the job of the regional centres include losns and credit risk, foreign exchange and import-export.

In common with Banco di Roma, other Italian banks are currently reviewing or renewing their information systems.

Last year Banca Nazionale del Lavoro commenced a global overhaul of its information structure, its large central computers, data transmission net-works, peripheral stations and terminals. At the same time come an effective sales point Italy's biggest credit institution and manager of service offered

Banca Commerciale Italiana has been studying the possi-bility of the total renewal of data processing systems in its foreign branch network. At home, the bank has been looking at teleprocessing for stock exchange operations and the real-time processing of loan risk and default procedures, as well as a project for setting up its own data transmission network using advanced tech-

During the early 1980s it was fashionable to predict a rapid decline of the mainframe and its replacement by totally distributed systems. This has not happened in Italian banking. However, Ipacri (the central organisation for automation in Italian savings banks) believes that technological scenario does point to a significant reduction in the space available for large central computers.

Key venture

For Ipacri the main problems which are now being faced, and seem likely to be posed in the future, are those associated with managing the information needs in branches. This means getting the best out of work stations and the hardware used by customers.

Indeed, a key venture currently being undertaken at Ipacri is its "branch project." "The focal point of the innovation process is the bank branch and the changes which it must undergo in order to be-

cept for the bank branch in the Italian environment. Over and shove the traditional banking services, it must be able to offer customers a wide range of financial services, as well as making self-service operations available both within the branch itself and at the customer's home or place of work.

However, the savings banks are certainly not alone in pursuing the idea of selling new products introducing new pro-cedures and installing new equipment in branches, Credito Italiano says that it has completed a technical/organisa-tional study for restructuring branch services, the main ob-jective being to improve assis-tance to customers. Banco di Roma is treading the same path.

At the end of last year the Istituto Bancario San Paolo di Torino launched its "Project 90," a model for the bank's branches in the 1990s. "Project 90" aims to give customers better and wider services, in-tegrating new technology into a new organisational structure. It is a project in which ergoand layout play key

With the growing emphasis on branch operations, it is not surprising to find that Italian banks are spending heavily on terminals. Three years ago the ratio of computer terminals to staff at the San Paolo di Torino was one to seven. Under "Project 90" it is planned that each terminal should be shared by just two employees.

significant number of the exist-ing units will be progressively per cent) appear to be areas of replaced by intelligent ter-lesser importance at the minals, Banco di Roma i also upgrading its hardware.
According to a survey of the banking market undertaken by Honeywell Information Systems Italia, the total number of terminals installed in 1984 rose

by 28 per cent time when increasing attention is being focused on branches, their use has so far been mainly limited to head offices. The explosive growth of PCs, whose numbers are estimated by Honeywell to have risen by 150 per cent last year, has hit the centre rather than the periphery of Italian banking.

Notwithstanding the huge boom in purchases of personal computers, their development potential in banks has definitely not been exhausted.

"Many users have not yet completed trials and it is expected that only during the course of this year and next that there will be a more generalised use of the PC, both at the centre and in branches." at the centre and in branches, notes the Honeywell survey. The computer manufacturer

looked at the areas of use and applications of the personal computer in Italian banks. Most frequently they are being used for word precessing, the case at 45 per cent of installations. Honeywell found that 28 per cent of PC installations are used for spreadsheets, 25 per cent

to mop up the mess.

has Communications management automation are now the watch initiated a radical reform of its by the bank," say an Ipacri Commerciale Italiana has Communications management organisational and accounting spokesman. started to renew terminals in (4 per cent), graphics (4 per systems and methods. Ipacri describes a new conlig national branch network. A cent) and foreign exchange. (4 per cent), graphics (4 per

> Scope for growth of personal computers in Italian banks is underlined by one simple statistic. The average number of PCs in those banks where they have been installed is less than 10. While the majority Though personal computers of PCs are at present used in have entered the scene at a stand-alone mode, the interest for tomorrow lies in connecting PCs to mainframes, not just as terminal emulators but to integrate with, and allow the user direct access to, the bank's information system.

Prospects

Objections to the spread of computing power appear to have been overcome, Personal compu

"Personal computers provide one of the main areas of development for the future." development for the nature.

affirmed Marco Martini at chains, at railway stations and along Italy's extensive auto
affirmed Marco Martini at chains, at railway stations and along Italy's extensive auto
are well as serving as intelli
at the state of the nature.

gent terminal and use at the counter, Sig Martini sees PCs becoming essential working tools of branch staff in selling new non-banking financial ser-vices to customers. Growing awareness of econ-omic realities lies behind the

emphasis being given to new services (consumer credit, home loans, unit trusts, port-folio management) and automation of traditional activities. Banks believe that normal banking operations are becoming less profitable, so diversi-

Italy's first experiment in

rinancial times Saturdly October 18, 1800

electronic funds transfer at point-of-sale (Eftpos) was launched by Enidata and the Banca Piccolo Credito Valtelinese at the sking resort of Bormio, earlier this year, dur-ing the world championships. another trial involving the larger banks, and on a national scale, is now getting underway.

However, Italians are very attached to cash, whereas plas-tic cards have not been so widely accepted as elsewhere in Europe, But the Bancomat National cash-card, which boasts about 3m holders, may perhaps now be getting properly airborne. A senior manager at the Monte Dei Paschi Di Siena said that the Sienese bank has ex-perienced a doubling in the use of the card this year, compared

to 1984.
According to this manager, Eftpos based on Bancomat ought to be successful and he foresees its rapid expansion through the main supermarket

Moreover, he is optimistic that the national credit card system, which will start operating next year, will yield good results, but on condition that the banking system manages to agree on a single unified

card for all operations. Behind the scenes, and invisible to banks customers, work is progressing on the National Data Transmission Network. This is due to start up in January and will initially link between 35 and 40 of the by just two employees.

for data base, 19 per cent for ing less profitable, so diversible and 40 of the Having completed a study of staff management and 18 per fication into more remunerative terminal requirements. Banca cent as terminal emulators, areas and cost-cutting through the central organisations of the



Olivetti, which dominates Italy's electronics sector. specialises in banking equipment. Here its personal computer is being assembled at its Scaramagno plant

Installan banks also turned to decentralisation, a light of larger of larger for Bancomat, the national system being based on the savings banks' category what has been spent overall in may sometimes appear old-fashioned, but in adopting new As to the future. Marco Hartechnology it has been ahead of the rest.

and collectively, have made considerable efforts in auto-

savings banks and popular cooperative banks.

This data transmission network employs the procedures developed by Impacri for the savings banks' own Stachi, network.

Italian banks also turned to Inachi for Bancomat, the phase of decentralisation, a figure of personal system being based on banks also turned to Inachi for Bancomat, the phase of decentralisation, a figure of personal system being based on would be a fair estimate of would be a fair estimate of would be a fair estimate of a star estimate of the mid-1970s, and the exercise has been costly.

of the rest.

Italian banks, individually the same rate. It is difficult to the same rate of the contectively, have made see any slow-down over the

Financially it could have been embarrassing. Business-wise it looked like a disaster. Fortunately Mr Johnston knew someone with the good sense to tell him to consult First Computer.

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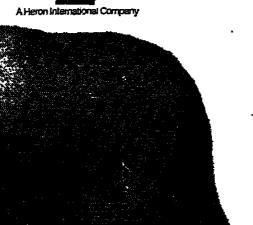
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Impact felt far and wide

France DAVID MARSH

THE USE of computers in banking in France is having a fast-growing Impact not just on the financial service industry but on French people's general warr of USA : way of life.

Introduction of home banking terminals tassed on the Minitel videotex screen being progres-sively introduced around France by the Direction Generale des Telecommunications (DGT) is part of the general revolution in popular use of electronics advances. Together with new electronic payments systems based on the French-invented "smart cards," such technology is greatly increasing the sophistication with which sophistication with which French people make trans-actions and investments— prodding forward innovation and change in the overall financial services area.

financial services area.

Computers in banking too, have major repercussions in the overall economic sphere. Purchases of data processing equipment by the banks, now concentrated less on the large computers at central locations than on decentralised work stations and terminals, accounts for about one-ditth of the nation's total spending on information technology.

On some estimates, the banks

On some estimates, the banks will have installed 200,000 such terminals for branch and head office personnel by 1990, compared with 25,000 at

Forecasts that such rationali-sation could create the need for job cuts on the level of reduc-tions in the steel industry are almost certainly exaggerated.

almost certainly exaggerated.

Nonetheless, serious commentators such as M David Dautresme, chairman of Credit du Nord, have advanced the possibility that 15 per cent of banks' employees—a total of 60,000 jobs—could be under threat from new technology. The banks' chalenge will be to try to come up with new employment in areas like financial advisory services and marketing for staff whose routine tasks are increasingly being carried out by machines.

About 30 French banks now

About 30 French banks now offer home banking services to their customers via Minitel screens. Medium sized banks such as Credit du Nord and Credit Commercial de France—which launched the first French home banking terminals amid a blaze of publicity in December 1983—are using such devices as a marketing tool to try to cause of the shift towards increase their share of retail purchases of decentralised deposits. Foreign banks such as microcomputers and work Chase Manhattan have also stations rather than centralised lampched electronic retail banking services to attract highincome accounts.

mainframes, the tussle for mainframes, the tussle for mainframes attract highket share among producers has
hotted up considerably.

leader. Computerisation programmes are resulting in heavy spending years before the anticipated pay-back in terms of staff reductions or increased market share. As an example, the overall information technology budget of the largest French bank, Banque Nationale de Paris, came to around FFr 800m last year, up by 25 per cent from 1983 for its

French operations The heavy cost of acquisition of computer equipment as well as automatic teiling machines and cash dispensers explains why the overall costs of all French commercial banks rose by 10.9 per cent last year, according to figures from the Banking Commission. Within

tion with the retail trade over how the new technology will

Smart cards

nounced a firm order for 12.4m smart cards from Bull, the state computer group which is the card's main manufacturer. Another 4m cards, for supply by 1988, will be ordered from other manufactures, led by

shops, will amount to nearly FFr 1bn. The banks will eventually benefit considerably by reducing expensive process-sing of cheques—which at present costs the banking com-munity an estimated FFr 20ba

banks will be asking shop-keepers to foot part of the hill for the new equipment. The retail trade, which has fough a vigorous campaign to prevent hanks imposing cartel-like pricing for the smart card sys-tem, has just won an initial victory.

Commissions on credit card payments, under a decision announced by the banks in September, can now be negotiated liberally on a case-by-case basis, allowing the larger shops and stores to split costs on a more equitable basis.

The flurry of computer ordering by the backs has made manufacturers of both hard-

Customers are gradually being offered services spreading beyond simple balance-checking and making of transfer payments between accounts. Sophisticated programs allow clients—on the basis of services already offered to curporate treasurers—to monitor the value of investment portfolios and switch between different instruments.

hotted up considerably.

The most lasting result of the banking computer revolution is perhaps that Buil — which profited from a series of Government-directed orders placed by large hanks such as Societe Generale and Banque Nationale during the 1970s and early 1980s—has in recently early 1980s—has in recently early the market place against IBM. That ments.

Home banking services are being introduced by many banks deliberately as a lossMary 15 Mg

of its



At Chase, we recognise that high technology is nothing without the people who back it up. That's why as a leader in Correspondent Banking and Electronic Banking, we've combined the expertise of our professionals in both to create the Chase Institutional MicroStation — the most

advanced micro-based electronic banking system available to banks today.

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Kreissparkasse, the Cologue savings bank, has 90 statement printers and more than 100 automatic tellers from Nixdorf used by almost all private giro account holders. Another 50 ATMs with savings book modules have been ordered, worth DM 6.5m

Heavy outlay needed to keep pace

Scandinavia KEYIN DONE

Scandinavian countries established themselves the world's most advanced technological banking nations, and the leading banks in the region are well-advanced with the installation of their second generation of computer

The new round of orders in Sweden has largely been shared between the local supplier, the Ericsson group, Nixdorf of West Germany and Philips of Holland.

Mr Morgan Abrahamsson, Sweden has largely been executive vice-president at Svenska Handelsbanken, Sweden's second largest com-mercial bank, says: "Banks have traditionally been spared from huge investments in premises and machinery, but this pleasant condition is now but a memory. as all major banks are facing substantial investment decisions to keep pace with the rapid electronic development in the finance area.

The profitability of many of these investments is dubious, and much heavy spending will and much heavy spending will have been made with point of be undertaken in order not to sale terminals in Sweden, how ing system has been developed. The decision to replace the belieft behind in a collective race to undermine the largest banken believes it will take warded without manual process- began in 1981 but it was not race to undermine the largest

There is much technical cooperation between Sweden's banks, which means that a number of issues in bank automa-tion which cause controversy in Register Centre, which

account, and about 74 per cent technology and the introduction receive their wages or salaries of new data-based services is

to their bank accounts. causing a significant increase in departments of large- and

All cheque clearing has been electronic since the early 1970s and the physical cheque never leaves the branch office where it was cashed, regardless of with which bank the account is held. All Swedish banks belong to the Bank Giro System, which handles all in-and-out payments via the bank giro on a central basis with identical conditions for domestic payments for all the banks.

The so-called Automatic Cash Dispenser Centre is run by the commercial and co-operative banks jointly and administers the joint ATM network. The K-

in the decade. The card has three functions it is a cash withdrawal card for use with ATMs, it is also a debit card at the point of sale and a conventional credit card.

part of ou rincome-spread and quite a few years before such ing. terminals are in common us Other operations in Sweden owned jointly by the banks include a credit information

other countries have been administers the system of solved relatively amicably.

It is estimated that 98 per introduced in 1971.

cent of the Swedish adult population have at least one bank in the development of computer

Through this system com-

panies can control their pay-ments and obtain information

about their transactions with the

in various accounts, data on

stock prices and currency ex-

change rates and money and

Mr Abrahamsson maintains

that although communication with the customer has been the

focus of most of the interest in

the development of banking technology and services, issues

to do with in-house data pro-cessing are perhaps of greater

The first generation Handels-banken terminal system was

installed in 1974 and supplied by Philips. It is showing signs

of age, however, and since the late 1970s Handelsbanken has

been working on the develop-

It has chosen Nixdorf of West

Germany, which is working on the installation of a £25m unique custom-built terminal

until late in 1983 that Nixdorf

Joint development work was undertaken last year, test

branch installations and pilot installations have taken place

this year and installations will

begin next year with comple-

was chosen

strategic importance.

capital market condition

and abroad.

the two competing giro systems

—post and bank giro—and of a new banking terminal cheques are rarely sent through system is usually the largest single investment decision undertaken in a bank," says Mr Abrahamsson. "It affects all customers, it concerns the whole staff, it touches the bank's very

> According to Skandinaviska
>
> Enskilda Banken, Sweden's
> largest commercial bank, comlargest commercial bank, comeconomic situation in Sweden puter technology was previously used primarily to improve the efficiency of internal routines.
>
> Today it is a means of competition, which strengthens the bank's abality to offer expanded, sophisticated services."

Automatic

banks jointly and administers
the joint ATM network. The KCredit Card, owned by the same
banks, and its subsidiary Eurocard AB, handles the financing
of credit card purchases.

The K-Card will pave the way
for the country to introduce
electronic funds transfer later
in the decade. The card has
system is designed to include
three functions: it is a cash all subsidiary banks and repre-scutative offices.

ATMs, it is also a debit card at The system is already the installation of a £25m being used for the group's dolunique custom-built terminal lar payments which go via the network for Handelsbanken's No large-scale experiments subsidiary bank in New York, entire Swedish operations.

year the bank has installed an advanced computer system — Sebis — at its banks in Frankfurt and Singapore for such functions as ledger account processing, foreign exchange

and accounting.

Recognising that rapid payment flows are important S-E
Banken now offers a number of cash management services. These include a terminal ser-

Rivals move towards compatibility

Belgium PAUL CHEESERIGHT

GENERALE DE BANQUE, the largest of the Belgian commercial banks, has just set up a joint venture company with Cognitive Systems of the U.S. to market new artificial intelligence techniques. One is called Broker, a natural language consultancy system for use in the purchase of Belgian shares.
The other is called Telex
Reader and it translates incoming telexes into codes
which can be used in the interbank clearing system called

This welding of new software on to the electronic capability of a bank is natural for a Belgian institution. The Generale, until recently known as Societe Generale de Banque, has been working on artificial intelligence techniques for some time and has brought Broker and Telex Reader to the prototype

stage.

But it would not have been possible without the solid grounding in electronic banking that is common in the Belgian system to the extent that the banks claim to be some of the most advanced in the world.

The Generale has in fact lagged behind Banque Bruxelles Lambert in fully computerising its system. But commercial bank, also has its own computerised network.

And the grounding for all three started in the decision over a decade ago to number accounts in the same way to create a

rinancial rimes Dalmaray October its 1200

not least through large scale training programmes for bank-ing staff.

Virtually all banks in the

major chains are in touch with central computers and most operations are done electronically. The standard techniques such as the use of cash cards in machines, not only to withdraw and deposit funds, but also to obtain information like statements of balance are in Wide operation. The problem rather has been

in how to spread the use of computerised banking by mak-ing it easier for the consumer, whether corporate or individual, to gain access to the system. This problem has been symbolised by the rivalry of the two main cash card chains. Mister Cast and Bancontact.

In a country of some 10m people, at the end of last May 2.17m Mister Cash and Bancontact cards were in circulation, according to Belgian Banking Associates figures.

The Generale, with Credit Communal, a state savings incitivation was recognized Mister.

stitution, was running Mister Cash, while Banque Bruxelles Lambert and Kredietbank, with Caisse General d'Epargne et de Retraite, another state institution, were running Bancontact. The development of common technical bases on which to handle inter-bank transactions had never stopped the rivalry for customers in a country

system of identification for a where the number of inhabit-centralised and computerised ants for every bank branch how to bring in a common works out at 968 against 2,310 system of security.

The expansion of electronic

cally compatible, as the banks feared for loss of control and erosion of identity in the mind of consumers.

But this year, faced with the resistance of those who could resistance of those who could make the expansion of the systems possible, the two teams agreed to make the networks compatible within 12 months. Nobody had doubted that the technical problems could be overcome if the banks wanted to put their minds to it to put their minds to it.

Networks

This decision means another quantum leap forward for the Belgian system of electronic banking. It means that the banking. It means that the major shops and stores, which had baulked at the cost of installing two systems, will now have to contend with only one. Consumers will, by virtue of the spread of point of sales terminals, have a much readier access to the computerised system of banking which already exists.

For the immediate future this development seems to be most significant in spreading electronic banking. There is a base for the networks to operate on. Nearly 1,400 petrol stations on. Nearly 1,400 perior stations had point of sales terminals by the middle of this year, but the number in other forms of retailing was just 524. And these terminals will receive priority in changing the machines so that they take either the Mister Cert and Percentage of the Machines and Machines and Machines are proportion of the Mister Cert and Percentage of the Machines are the Machines and Machines are proportion of the Mister Cert and Machines are proportion of the Mister Cert and Mister Mister Cert and Mister Miste Cash or Bancontact cards. Mean-

oanks has not been in how to computerise their own operations. Each in their own way has come to terms with that, not least through large cond. can and do provide electronic facilities in their own branches indeed Banque Bruxelles Lambert has one fully automated branch without staff—but that still means that customers have

to go to the facility.

To avoid that, they will have
to hire lines from the Regie des Telegraphes et des Telephones, so they can link their own electronic systems to those of the banks. So far, this only makes sense for business, although it is technically feasible in Bel-gium for anybody with a terminal

The banks have facilities in place for any company or indi-vidual who cares to use them. Banque Bruxelles Lambert's Telelink service has over 1,000 clients. At Kredietbank, Teleclients. At Kredietbank, TeleKB offers not only on-line
banking, but also the provision
of information like company
accounts information and tax
assessments. The Generale has
its G-Line system.

In each case the banks are in
fact making use of facilities
which they already have as a
simple development from their
own internal computerisation.
But there is a cost to be met.

But there is a cost to be met.
"The costs connected with the launching of new computer systems, says Banque Bruzelles Lambert, "have been calculated. as representing 9 per cent of total annual operating expenditure of the bank, with the latter including both depreciation and the salaries of systems expenializer."



Svenska Handelsbanken. Sweden's second-largest private bilik has developil with Nixdirf a branch computer system dealing with all teller functions as well as personal computer functions like word processing and accounts analysis

Embarrassing lag behind other centres

Netherlands LAURA RAUN

eyes on, ears on, minds on...

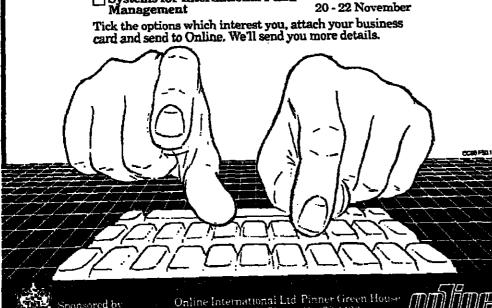
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their reputation for sophisti-cated and reliable financial services, but their financial

bankers have considered their clearing system among the most efficient and safest in the world, and have felt little need to spend hundreds of millions of guilders on new computer equipment. Yet while the Dutch may have avoided some of the problems with trans-action security and customer acceptance that have befallen banks rushing into automated service, faster computerisation ms inevitable to keep up

with the competition.
Video display terminals
(VDTs) to hasten authorisation for simple cash withdrawals are rare on bank tellers' counters. The retail customer still has to walt while thick stacks of computer printouts are perused before receiving his money. Only last year banks slowly began issuing personal identi-fication cards, which are too scarce to combat fraud effectively and have yet to speed transactions noticeably.

Automated teller machines (ATMs) for cash dispensing and electronic transfers are much rarer than in the UK, Switzerland and Italy. Commercial have only recently agreed to allow customers to use other banks' ATMs. although only half of the 150 ATMs expected to be installed nationwide by the end of this year will be universally acces-

Savings banks have moved faster into the world of pushbutton accounting because of their smaller size and more flexible structure. In the early associations proces ar's memory. savings linked their various members with on-line computers, and today boast more ATMs than commercial banks. The efficien-

Meanwhile, the Postgiro-the Meanwhile, the Postgro—the financial transfer s ys tem financial transfer system operated by the post-telephone-cated and reliable financial services, but their financial expertise has stopped short of electronic banking, where they lag embarrassingly behind much of Europe.

That is largely because Dutch

Meanwhile, the Postgro—the financial transfer s ys tem operated by the post-telephone actional savings banks launched a new personal identification card a week ago. Designed to reduce fraud, the card will be tested in Tilburg and Golrle in North Brabant for a year to determine whether national disdetermine whether national dis-tribution is merited. Stolen giro-pass cards cost the Post-giro-savings banks around Fl 10m a year, and bank fraud generally is a growing concern.

The electronically read magnetic stripe, plus secret personal identification number (PIN), are intended to ensure that only legitimate account holders can legitimate account holders can withdraw money. Customers are being urged to memorise their PIN code to avoid keeping a copy of it next to the identification card, and could face arrest if an erroneous number is given three times.

Experiment

The historical competition between the Postgiro and the commercial banks threatens to escalate with a Fl 30m, oneyear test of electronic payment for petrol in Tilburg and Eindhoven in North Brabant. Dut to start in November, the experiment has been in the planing stages for three years owned by nine oil companies as well as Philips, the Dutch electronics giant, which is supplying the ATMs.

Destrone metamore will be a magnetic code ID cards for the cards of the ca owned by nine oil companies as

Postgiro customers will be able to use their magnetic-stripe ID card to deduct petrol payments automatically from their account. Bank customers, on the other hand, will use a 'smart' card embedded with a microprocessor that tells the controlling computer to pay the oil company. Smart cards have no on line connection with the computer but rely on the micro-

Credit cards, even from oil companies, are much less com-mon than in the UK, for ex-ample, and the banks would like they fear to impose on plans for electronic systems are for survival.

cles achieved from automation are likely to have been a factor experiment and other point-ofin the higher profitability of purchase payment cards are savings banks compared with viewed as methods of ensuring that banks retain a central role

in clearing transactions.

The more successful card,
magnetic-stripe or smart card,
could significantly shape the
future of the fledgling electronic banking industry in Holland. The commercial banks are keen to see which type appeals more to customers because of the sizeable investments involved in ATMs. Relatively little is known about people's accept-ance of transaction cards because they are so source.

The magnetic-stripe card requires an on-line ATM, which costs around FI 10,000 or two to three times as much as the
ATM activated by a smart card.
The smart card is considered
safer from fraud but at a cost of F1 25 per piece is much dearer than the magnetic-stripe counterpart.

Nederlandsche Middenstands-bank (NMB), Holland's third-largest bank, is the driving force behind the commercial banks' participation in the petrol experiment, and perhaps the most eager to computerise generally. Mr A. A. Soetekouw, a member of the managing board of NMB, argues that the smart card technically is more versatile and still is cheaper, considering the lower cost — Fl 3,000 to Fl 5,000 — of the ATM, plus the simpler security measures required.

Algemene Bank Nederland
(ABN) and Amsterdam-Rotter-

their ATMS. Yet; while a furlous technology battle probably would break out in countries, such as the U.S., no Banking Association, has said: "This is not cut-throat com-

finance the heavy investment required for sophisticated hardinstall all the computer equip-ment Dutch banks probably need, according to one execu-tive. Retail customers pay nothing for a current account

interest rate on their balance. It has been estimated that each current account costs each current account costs
Dutch banks Fl 100 a year or a
total of Fl 500m, which is
largely subsidised by fees to
corporate clients. But Dutch
bankers clearly want to avoid
an all-out fee war like that hitting American banks in recent years.

and actually receive a nominal

Complicating

Moreover, Dutch bankers argue that their parallel com-mercial and Postgiro systems work better than the paper-laden chequing systems of the U.S. and UK. But not everyone is convinced. Mr H. Onno Ruding, the finance minister, and Mr Wim Duisenberg, the Central Bank president, have both warned that if the two parallel systems are not merged soon, Holland will fall behind international banking com-

Proposals to merge the two systems into a national payment circuit have languished for a decade although hope emerged several weeks ago that a breakthrough was in sight. The belief
is that the marriage must begin
this year in order fully to

ment team that travelled widens. Complicating the integration

prob-other and the National Savings Bank such conflict is likely to divide finencial institutions. After a the rather cosy club of bankers decade of protracted disof NMB and head of the Dutch seems increasingly unlikely. Dutch banks have dragged to preserve peaceful relations

with the workers' councils Bank employees whose jobs ware and software. As much as have disappeared have F1 700m might be needed to generally been retrained and transferred to other depart-ments. The boldest move has it would slash 1,000 jobs over that involves automation.

While complacency has often prevailed in banking circles. however, qualms increasingly are expressed over escalating competition. From aggressive-U.S. banks touting high-technology services to corporate clients. Global cash-management systems and real-time information services are among the costly products developed by huge banks such as Citibank. Chase Manhattan and Bank of America.

The relatively smaller Dutch banks lack the financial resources to develop such sophisticated products although sophisticated products although less ambitious projects are underway. The leading bank, ABN, will begin next year with a F1 100m "open bank "project to refurbish its 700-bank domestic network in a living-room-like decor with computer terminals sections." terminals scattered Rabobank, the large co-operative bank is to finish a decade-long F1 490m automation project in 1988 that involves online computers and display terminals for better client

integrate the circuit before to study other banks' systems, thereby hoping to avoid many first-generation pitfalls.

service.

Bankers may grudgingly admit that computers are the way of the future, but other projects, such as expansion in the increasingly immportant London market, are competing the rather cosy club of bankers declare of production in production along Amsterdam's Heren cussions, the new Postbank is for funds. One solution meaning archt. As Mr W. E. scheduled to open for business tioned by a prominent banker. Scherpenhuysen Rom, chairman at the beginning of 1986, but that seems increasingly unlikely.

Still another reason that
Dutch banks have shumed faster automation is the desire to preserve peaceful relations. this year that more mergers may be necessary to achieve

Robots become a vital part of marketing

Advances in retail banking ALAN CANE

AUTOMATED teller machines. home banking terminals and customer terminals for personal payments (electronic funds transfer at the point of sale) are more than mere delivery mech-anisms. Increasingly, they are becoming the most commonly used interface between customers and their bank.

Indeed, in a world where a customer draws cash for daily needs from an ATM in a store or railway station; checks accounts from home using a personal computer connected (perhaps getting expert advice in the same way); and pays for most goods using a plastic card; there may be little reason for a customer ever to visit a branch.

Bank branches will not disappear, although in the UK they are on the decline. Neither will cash. Some 88 per cent of financial transactions are still made in cash in the UK.

But remote banking, using a robot cashier rather than a bank branch, is growing rapidly. Suppliers believe that automated teller machines will be available to customers at railway stations, airports, commercial offices and factory sites within five years, and at most shopping areas within 10.

Banks and building societies see things a little differently. Anxious to maintain the human link with customers, they will increasingly be installing in-lobby machines. Some simple cash dispensers may be placed in an outer lobby with 24-hour access using ATM cards.

Others inside the banks will provide a range of services, including account information, payments capability and investment advice.

So the robot cashier is

The ATM has progressed in a few years from a simple cash dispenser to a powerful interactive terminal.

The latest family of machines from NCR, for example, use interactive video, linking a videodisc player with a computer system. Sequences recorded on the videodisc, such as how to make an investment or use the advanced functions of the machine, can be selected by the computer acting on instructions from the user,

The machine operates on-line and in real time with the bank's main computers, allowing, for example, interest calculations to be made in response to figures put in by the customer. Mr David Anderson, of Philips Business Systems, which markets Diebold ATMs in the UK, says the key features of an effective ATM are relia-bility and ease-of-use.

Television

" We have not been very good at educating our customers in the use of the machines when we post them their cards," he says. "U.S. banks often insist their customers come to the branch for their cards, where a member of staff shows how to member of staff shows how to

Banks have taken to installing more than one ATM in any one site to minimise the chances of customer frustration because of failed machine. In the UK, the National Consumer Council has called for safeguards for customers who lost money through errors involving cash dispensers.

The most disturbing examples involved people who claimed their cards had been used without their knowledge or permission, throwing suspicion on family and friends. One answer is a camera in the ATM to record every transaction.

It is a problem which could become more acute with the spread of home banking. At present, home banking using viewdata technology, which displays information from a computer database on a domestic television screen using becoming part of the marketing the telephone line for data of the banks services, and transmission, is fairly wide-commercial advantage will be gained by the use of an France.



The TSB has installed NCR automatic tellers in the Fraser Financial Services department at Rackhams store in Birmingham

sultants under Mr Ken Thacker says: "Home banking is a gamble. There is considerable uncertainty whether it will evolve into a viable, economically sound alternative to the more expensive, conventional branch banking systems."

But it warns: "A significant proportion—15 per cent—of every bank's depositor base is vulnerable to attack by any bank offering a home banking product. And since these are prime customers with large balances that they tend to con-solidate, decision makers failing to include this vital statistic in their business case, do so at their peril."

In the U.S. the leader has been Chemical Bank with a servin called Pronto with about 21,000 customers. Citibank, Chase Manhattan and Manufacturers Hanover have introduced competing services.

It has, however, been comparatively slow to take off in the scribers in the U.S. for terminaling banks are committed to U.S. and UK. A survey by a based electronic banking serteam of North American convices is estimated at 50,000, the first three trials should go vices is estimated at 50,000, linked to some 50 banks. Two years ago, Bank of America predicted there would be 25,000 customers for its HomeBanking service. To date it has 17,500, but now Pronto and Home-Banking have joined forces with AT&T and Time to market electronic financial services.

In the UK the pace remains slow. The Nottingham Building Society/Bank of Scotland service, Homelink, has yet to re-veal the fruits of its initiative. Midland which has concluded a trial based on viewdata screens in its branches is launching one this antumn.

Priorities

The Bank of Scotland has announced its own home banking system independently of Homelink. While all the big banks are interested in home banking. it is not thought to feature high on their priorities.

According to The Banker point of sale) does, however, begin,

going ahead with EFTPOS and the first three trials should go live around the turn of the year.

The race for the first nationwide EFTPOS system is still open, although the Belgian banks would claim to be clear leaders, with two major cash card chains, Mister Cash and Bancontact, mutually incom-

The problem was how to make the system easy for the customer and the retailer Earlier this year, the two chains agreed to make their networks compatible within 12

In the drive to automate, it has been easy for the banks and suppliers to pay less than full attention to the ergonomics of ments. The reaction of retailers what are very new systems. But present at the meeting was one what are very new systems. But the psychology of dealing with the robot cashier is critical to the spread of electronic bank-Personal payments systems ing and it is in this area that

Suspicion over EFTPOS

Retailers' viewpoints DAVID CHURCHILL

BRITAIN'S RETAILERS 2re still keen to see a national scheme for electronic funds transfer at point-of-sale (EFTPOS) operating in the UK before the end of the decade-but they remain a little suspicious about the attitude of the clearing banks towards working ingether with the retail trades achieving successful implementation.

Mr Tom McNally, director-general of the Retail Consor-tium, warned recently that if the banks and retail sectors could not work together on this issue, then the Government might

"It really would be shaming to both the banking and retail-ing industries if two great sectors which have prided themselves on their robust in-dependence from government find themselves being "nannied" into a national system because of a failure to agree," suggested Mr McNally.

" My talks with ministers convince me that they are not will-ing to see a national EFTPOS system fail by default because of failure of bankers and retailers to agree."

Retailers' concern over the attitude of the banks stems from the late 70s when the banks first suggested the idea of an electronic funds transfer system at the point of selection. system at the point of sale. In April 1977 the Committee of the London Clearing Banks approached the Retail Consortium for discussions on EFTPOS and a Terminals Working Group of retailers, mostly at manager level with experience in retail technology

The first meeting started disastrously. The banks informed retailers how the new system would be designed and how it would work. There was no suggestion of collaboration or participation, with the banks merely seeing the meeting as a useful method of keeping retailers informed of developof incredulity and outrage.

"The meeting nearly broke up there and then," recalls Mr Michael Wilsey of the Consor-Michael Wilsey of the Consortation. It took some time for relations between banks and that the system should be easy being in an effective EFTPOS retailers to get onto a more for the customer to use and system throughout the UK. Personal payments systems ing and it is in this area that tium. It took some time for rela-(electronic funds transfer at the the next revolution should tions between banks and

Negotiations between the banks and retailers, however, did not fare much better in the early 1980s. In an attempt to keep the talks going along the right lines, the Consortium formed an EFTPOS Policy Com-mittee in April 1984 comprising

some 30 members, all of whom were main board directors or equivalent. The council of the consortium gave the committee unprecedented powers to regotiate on its behalf. The most important decision taken by the committee at its first meeting was to agree that EFTPOS was inevitable and that the banks were the only organisation likely to bring about a national scheme. Sufficient pro-gress was made with the banks during 1984 for a joint Press conference to be called at the beginning of this year to declare each side's commitment to a national scheme.

Yet retailers became concerned at the slow progress of discussions on technical standards and operating procedures
—delays not helpful by the
abolition of the banks' EFTPOS project team and its replace-ment by an EFTPOS development team under Mr Dougal McCallum.

With a complete change of personnel there has been an inevitable delay while the new chief executive and his staff have familiarised themselves with the project team's work, much of which has been reas-

Negotiating

Retailers were also concerned at the decision by the banks in June of this year to launch three limited EFTPOS experiments without prior consultation with the consortium. After the consortium voiced the con-cern of retailers, fresh talks have started again in recent weeks to see if more rapid progress to a national scheme can

What is the negotiating posi-tion of retailers? Initially, they are seeking recognition by the banks that EFTPOS is not simply a banking service provided at the point of sale.

"The retailer is putting much more of his prestige and credi-bility on the line as the point of customer contact for the service," points out Mr McNally. "Charges for the system must be struck, recognising the investment of all the parties and giving all participants a fair share in the benefits and hence an inducement to accept and make the system work."



Tom McNally, director-general, Retail Consortium

embarrassment at the point of payment by providing means of controlling expenditure so that unwitting moves into overdraft can be avoided.

Mr McNally also believes that the system should be available to all retailers who wish to par-ticipate but that individual retailers should have the right to decide whether or not to accept any particular card.

"The system also needs to be simple and easy for retail staff and customers to understand," adds Mr McNally. "EFTPOS must reduce the time taken by customers at the point of payment."

In particular, retailers want to ensure that the response time of the system does not worsen during busy periods—such as Saturdays or sale times—and that it is reliable.

"Simplicity and cost effective-ness dictate that only one device be installed at each point of payment and that the procedure is the same for all cards accepted by the system," he

Retailers are also anxious to ensure that while the best system that can be devised is installed, provision must be made to adopt better practices as they emerge.

"Technology is developing quickly, new equipment and services are coming on the market and there are trials of alternaother countries," points out Mr McNally.

Now that the banks and retailers are back talking together in detail about a national system, optimism is ris-ing that the somewhat strained

LINE AUTOMAT

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improvement of security TEST KEY works on CASE'S BEELINE message switching system, a system designed as the very latest means of managing your message communications requirements.

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Future-Proof Data Communications

European time-sharers move on to the second generation

HARDWARE

Any terminal

IBM and others

Wide range of terminals
Any terminal

Cash management SIOBHAN HANEY

CASH MANAGEMENT began the second world war. It was invented by a customer rather than by a bank—the Radio Cor- hattan, Citibank and Manufac- Manufacturers Hanover poration of America—which turers Hanover are amongst forced its two banks to open the the many U.S. banks offering company's mail, remove any electronic banking services in cheques and deposit them in Europe today. the relevant accounts. Since

simple concept. fragmented banking structure. Although the technology was available in Europe to provide similar systems, there was not the demand for them from cor-porate customers who were generally satisfied with the services already provided by the countries' unified banking sys-

Nonetheless, in the Major U.S. tended to under-estimate the banks began to bring their electroses across products into a European product in surers soon realised what they had been missing. Many of the banks offered the use of their own worldwide telecommunications networks, which meant a much faster, more secure and more efficient service.

But perhaps, more import-antly, the U.S. banks brought with them the concept of the treasurers' Workstation. Many treasurers had already realised the benefits of having a personal computer and it was therefore an obvious progression for the banks to develop software to run on these computers to in the U.S. in 1948, just after provide a solution to a number of the treasurers' problems.

Bank of America, Chase Manthe many U.S. banks offering Midland Bank

Bank America's workstation then, cash management services was launched in Europe in Feb-have been an extension of this ruary. Called MicroStar Inter- Royal Bank of Canada national, the system consists of Electronic cash management a set of specialised treasury systems evolved in the U.S. management programmes which largely as the result of a highly deal with balance reporting, forecasting and modelling and comprehensive cash manage-

However, as some banks found to their cost, launching these products on to the European market was not simply a matter of transporting the U.S. of versions. Mr Chris Winter, vice-president at BankAmerica, exmarket place. For example, you need a whole new programme to cope with multi-currencies."

Mr Michael Gallagher, vice-president at Chase Manhattan,

Major treasury management systems

SYSTEM

MicroStar

BarCaM

(Infocash)

Citibanking

Chemlink

Casheall

Global Microstation

International First Cash

MARS and MORCOM

BANKS BankAmerica Barclays Bank Chase Manhattan

Citibank Lloyds Bank

Morgan Guaranty

Royal Bank of Canada

NON-BANKS Automatic Data Proce Interative Data Corpn.*

Cash Express National Data Corporation

NETWORK

Royal Command

DEC IO and DEC 2020 Amdah 1/IBM Honeyweli, Tandem, IBM

GEISCO and IBM

B of A's own network PSS/GEISCO Chase Data Network and IDC

GEISCO Any telex or terminal Wide range of interactive terminals ADP

NETWORK

Geonet (MHT's own network) and Telenet Wide range of interactive terminals

GEISCO, Global data network, Tymnet and Uninet GEISCO Any standard timeshare terminal or

IDC linked by COMTEN

Wholly-owned subsidiary of Chase Manhattan Bank

multi-currencies, of multi-currencies, each not fulfit the needs of the Eurocountry has a different interest
rate structrue and a different
clearing system. All these
things must be taken into
account when developing a
work-station for Europe,"

Michael Gallagher headed a
term from Chace which came

team from Chase, which came over to Europe three years ago, to conduct detailed research into the exact requirements of agrees: "Treasury management the European treasurer. They an automatic link to Chase's in Europe is a whole new ball decided that the U.S. products. Infocash computerised electronic apart from the problem even with modifications, would tronic banking service.

not fulfil the needs of the European market and so, on the bureau subsidiary, IDC, whose team's recommendations, Chase network is the basis of its network is the basis of its Infocash service. New modules are expected for the Microstation in the next few months. European market. station in the next few months, The Global Microstation was including an investment and

launched in Europe in June debt manager, a multi-currency 1984. Running on a personal netting system and a reconcilia-computer, it offers the treasurer tion module. Chase has been a range of capabilities including very successful with the Global very successful with the Global Microstation, selling to many corporations as well as to other banks, through IDC.

When the U.S. banks brought electronic treasury management to Europe in the late 1970s, the indigenous banks were somewhat forced into finding competitive systems so as not to lose out to potential

Time-sharing on one of the commercial worldwide networks such as Geisco and ADP, provided a quick and relatively cheap way of entering the electronic banking market; all the tronic banking market; all the NatWest will spend around major UK clearing banks £1m to install a Tandem fail-

agement services on a time sharing basis provide information to the bureau which then formats it using its own softformats it using its own soft-database. The system will ware and distributes it over its allow NatWest to provide its

Pinancial Times Saturday October 18 1900

advantages; the customer has to make do with formats devised by the bureau and costs can rise sharply with use. Recently though, two new products have been launched on to factured by Advantage Systems in the U.S. and marketed and distributed by the CAP Group, and NETS, which is manufactured and marketed by the National Data Corporation (NDC), also in the U.S.

(NDC), also in the U.S.
Both these systems provide customers with an "electronic window" into the bank files, enabling them to see their data in a format of their own choice.
Earlier this month, there was a major breakthrough in the UK electronic banking market when the National Westminster Bank autoproced that it was to Bank annorment that it was to license to tem from the first bank in the whole c. . move to a second generation system, and

away from the time sharing environment.

operate their cash management services on these networks.

Conventionally, banks using a bureau to provide cash man-NETS interfaces with NDC. worldwide cash managemen exchange and the bank's own

customers with such services There are, however, two dis-dvantages; the customer has transfer and foreign eachings. where do with formats NETS was launched in the U.S. in 1983 and is already installed at four major banks where it supports more than 1,600

" live " customers, the market which go a long way towards solving these problems; FORTE (financially orientated reporting and transaction environment), which is manuscript by Advantage Systems Systems did initially provide the sharing did initially provide. sharing did initially provide a cheap route for entering the electronic cash management market a few years ago.

Banks now require a new system such as NETS, which they can tailor to their own

needs, over which they have total control and, perhaps, most importantly, which enables them to offer a competitive price structure to their customers.

Certainly, it seems that if the European banks want to com-pete successfully with their U.S. cousins, they should seriously consider moving sway. from the commercial networks and examine the new generation of treasury management software. NatWest has set the trend with NETS and it prob-ably will not be long before other European banks follow

SWIFT'S WORLDWIDE LINKS

· Key figures for the Society for Worldwide Interbank Fnancial

	No. of mem- ber	Number of banks connected	Processed
ountr y	banks	to SWIFT	transaction
andorra	2	3	28,549
rgentina	33	28	266,758
ustralia	9	11	1.844.517
ustria	41	46	4,945,144
elgium	28	46	7,250,479
ermuda	_3	3	117,065
razil	25	25	247,391
anadahands	8	22 1	2,892,844
hannel Islandsbile	13	16	186,334
aina (People's Republic of) .	1		700,002
Slombia	16		
prus	4		_
echoslovakia	ī	1	211,593
nmark	35	37	2,670,141
cuador	11	14	100,738
nland	9	u	1,935,367
ance	74	89	8,787,783
rmany	118	154	14,441,036
reece	5	14 64	488,168 2,008,922
ong Kong	18 <u> </u>	3	131,811
	ī	-	141,611
eland	Ž	9	484.889
zel	12	14	704,529
ly	150	146	9.649.456
pan	65	100	3,412,646
rdan	1	_	-
echtenstein	3	3	110,108
rzemponia	.9	26	1,845,169
exico	14	13	362,458
DT0CC0	1 7	. 2	19,686
cherlands	22	34	6.627.598
w Zealand	2	4	492,321
orway	25	24	2,721,813
74	8	=	
nilippines	10	13	78,078
rtugal	11	13	529,395
rgapore	-9	65	1,480,248
ath Africa	12	18	1,160,099
ain	35	47	1,682,680
veden	15	17	8,359,559
vitzerland	63	79	11,167,168
iwan	12		
ailand	11	-	_
nisia	4	_	
K	38	136	12,987,308
uguay	11	21	166,351
S	157	273	22,251,756
rbezuela	20	_	-
Total	1,188	1,656 1	29,953,693

The role of **SWIFT** SIOBHAN HANEY

IN THE 1960s, communication circults grew rapidly with major banks struggling to gain a com-petitive edge. Within a short time, the Atlantic and the European and American continents were criss-crossed by a maze of competing communication net-

In an attempt to overcome these problems, a group of bankers was called together to they drew up for the development of interbank communition grew the Society for Worldwide Interbank Financial Telewide Interbank Financial TeleEurope and America is June 2,
next year to be followed in 1987
in the Far East and

1,257 banks in 54 countries, and the society processes over half a million transactions per day. SWIFT is based in LaHulpe, Services centre principally

transaction processing. The term "transaction" encompasses most international financial functions such as customer transfers, foreign exchange con-firmations, bank transfers, documentary credits and so on, Standards encompass a number of different areas, the most important being the SWIFT message-text standards. These enable banks throughout the world to communicate via a common language. Because this language is computer readable, member banks can automate both the handling of trans-actions and their account re-

The original SWIFT system imposed (still in service), called SWIFT terminals. I, is based on centralised net-work architecture and uses a "store and forward" approach. However, as the SWIFT I system nears the end of its service life and the limit of its volume capacity the new system, SWIFT II will pro-

gressively take over. SWIFT II is based on a decentralised network architec-ture and will use a "transaction processing" approach, enabling member and user banks to incorporate a variety of processing application functions for national or regional services, provide greater flexibility in processing operations work on a message switching and substantially increase over-project. Out of this broad plan all system capacity throughout expansion

xists today. by banks in the Far East and SWIFT was established in in 1988 by banks in Australasia 1973 by 239 banks in 15 com-tries as a non-profit bank-owned cooperative society. It is de-dicated to meeting a number of dicated to meeting a number of vices will be available to users specialised service needs relatequipped with SWIFT II ence last September, neither of

Conversion will increase system capacity imposed on the SWIFT I

To complement the switch traffic volumes from SWEFT I to SWIFT II. SWIFT has launched a range of user terminals—the ST400 swift has launched a range of user terminals—the ST400 series (the existing ST200 and ST500 will be provided with a SWIFT II interface).

ST400 will act as a SWIFT II interface.

Il interface for medium to large volume banks which require not only message transmission facilities, but also processing power for banking application packages.

The terminals will be capable of transmitting and receiving thousands of messages on the SWIFT network as well as other networks, such as the major clearing systems, CHAPS and Fedwire.

Over the past few years, two important policy isues concerning SWIFT have emerged; namely, should non-bank financial institutions be allowed to join SWIFT and should direct interfaces be allowed between SWIFT and third party networks such as GEISCO and

At SWIFT's annual conferthese issues was discussed in A compatibility period will any detail, and it seems in- ing those operated by its mem- using their own networks to new terminals, and for that join. The general consensus at in any way, by offering a direct in SWIFT format but by-passing the services will co-exist during the services will co-exist during the changeover, authough some dataset in allowing into traditional banking changeover, authough some dataset in the services will co-exist during the changeover, authough some dataset in any way, by offering a direct in SWIFT format but by-passing them in SWIFT format bu

Hall	ic temple	9
Aver	rage daily traffi	e volumes
1978	**************	121,000
1979		164,900
1988		218,000
1981	******************	285,000
1982	********	346,600
1983	*************	480,000
1984		566,000
1985	(estimate)	650,900
• Cum	ulative traffic	volumes
		volumes ·
(m)		
(m) 1978		. 24.7
(m) 1978 1979 1980 1981		24.7
(m) 1978 1979 1980 1981 1982		24.7 59.3 106.5 169.1 248.6
(m) 1978 1979 1980 1981 1982 1983		24.7 59.3 106.5 169.1 248.6 400.1
(m) 1978 1979 1980 1981 1982		24.7 59.3 106.5 169.1 248.6

1984 3,906

be provided so that users can creasingly unlikely that non-ber banks) as rivals, and is communicate with their prepare themselves and test the banks will ever be allowed to therefore unlikely to assist them branches, by sending messages

SWIFT: message flow

MILL II MORREDO HON		;
ignres to mid-year, 1985	•	
Area Europe North America South America Asia/Pacific	Outgoing messages 92,266,690 24,426,690 1,418,000 9,201,000	ingoing messages 87,204,600 25,505,600 1,487,006 8,877,000

he growth o	f SWIFT	
embership figures	Membe	
Year	Member-banks countrie	
1977	519 21	•

Year	Member-banks	Member countries	" Live "
1977	519	21	15
1978	586	24	16
1979	683	29	17
1980	768	35	21
1981	900	, 39	26
1982	1,017	44	32
1983	1,063	53	37
1984	1,188	्राह्म 🚰 🔑	40
1985 (mid-year)	1,257	54	40

views other networks (includ- large

On the second issue, SWIFT network; more and more, the behalf of the medium-sized and rks to the giants which will increase their ingly rely upon their own necessages works, in which they have in-

Electronic link from office to bank

Banking systems ALAN CANE

THERE was no real alternative when the banks were installing their first generation back office accounting systems. There were no off-the-shelf banking systems and they had to assemble their own teams of computer specialists to write the programs they felt reflected the unique nature

of their own operations. Now all that has changed. There are a large number of programs packages available and the rate of change in the finance business has concentrated minds wonderfully.

"We are being perhaps more pragmatic than we have in the past," says Mr G. M. Wood, deputy head of corporate cash management at Barclays Bank, which used to take pride in carrying out all its own develop-ment work: "We learned that some of the things we do are not as unique as we had thought."

Electronic corporate cash management, providing the corporate bank customer with an electronic link between his office and his bank, represents one of the best examples of the build-or-buy debate.

to take a package — Banklink — from Chemical Bank.

The package extracts information from the bank's files and sends it to a third party, Geisco, the information services arm of General Electric of the U.S. computer programs which This operates a world-wide data allow the computer to carry out communications network, Mark a series of complex instructions III, which the customer can dial-up for details of accounts, balances and so on.

The preferred terminal for such a service these days is the IBM PC and machines which operate in exactly the same way series or compact instructions at the touch of a single key.

"The macros," Mr Wood says "give our workstation and Symphony a flavour which is uniquely Barclays. Without that it is hard to differentiate one bank's product from another."

operate in exactly the same way as the PC ("clones"). Barclays offers an advanced "spreadsheet" package on its workstation, the integrated program Symphony from Lotus

Development Corporation.



Currency exchange dispenser in Zurich, Switzerland, claimed to be the first of

Symphony combines a spread- cost can be spread over many Midas, Arbat and Kapiti to Barclays, for example, after sheet, database handler, word experimenting with a bespoke systems decided some years ago communications all in one packprocessor, graphics tool and communications all in one package. It is an extremely powerful package but not the easiest

> Barclays took the package from Lotus but then built on top of it "macros," special

in is hard to differentiate one bank's product from another."

Lack of uniqueness, of special flavour, is the key point which makes banks and other financial institutions jib at the thought of using packages. They are generic pieces of software whose

tion systems for position keeping, limit information, modeling and so on.

Chase Manhattan took a licence for Midas in its early approach to systems building. Mark Fleischer, vice president in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its electronic banking unit is the watchword and the need in its early approach to systems building.

Chase Manhattan Bank, as it showed in its Midas development, has long had a pragmatic.

To all interns and purposes, if special in its electronic banking unit is the watchword and the need in its wild a proposes, it is essentially building its to get into the market uraws crown.

customers as long as all those choose from. Now systems from customers are ready to take the Nixdorf, Hogan Systems, same product and mould their Anacomp, CAP Financial operations to suit its idiosyn-Allemand and Informatik

Worldwide

The best example is probably Midas from BIS, a comparatively simple foreign exchange package when it started life but which now provides the dealer with real-time access to external databases and in-house information systems for position keeping, limit information, modeling and so on.

as differentiation these days which is why City of London stockbrokers are looking increasingly at packages rather than bespoke systems as the date of the "Big Bang" in London's financial services market draws closer.

Chas Manhattan Bank, as it changed in the Midas Acceptance of the property of the control of the property of the

customers are ready to take the same product and mould their anacomp, CAP Financial come but essentially the work operations to suit its idiosyncracies rather than the other way about.

Nixdorf, Hogan Systems, come but essentially the work of will be a bespoke job.

Allemand and Informatik on the other hand, a hank ipportant to mention only a few stalling a foreign exchange are available for the world's bankers to choose between off the shelf from a spacialist. bankers to choose between. But speed into the market

place has become as important as differentiation these days

ways of using packages whereever possible.
It offers Lotus 1-2-3, the best

It offers Lotus 1-2-3, the hest-selling Lotus integrated pack-age on its treasurer's "Global Microstation" with an integral report writer; it has incor-porated that report writer into the general capabilities of its workstation: "You can never do 100 per cent of what bank cus-tomers want." Mr Fleischer-says. "So we say that this is-what we will do and they can-do the rest."

what we will do and they can
do the rest."

The CAP group, a computing
services company based in London is well qualified to talk
about the bank's attitude
towards "build or buy."

It made its reputation in the early days with a series of con-tracts which resulted in the large mainframe accounting systems installed by the major banks.

Bespoke

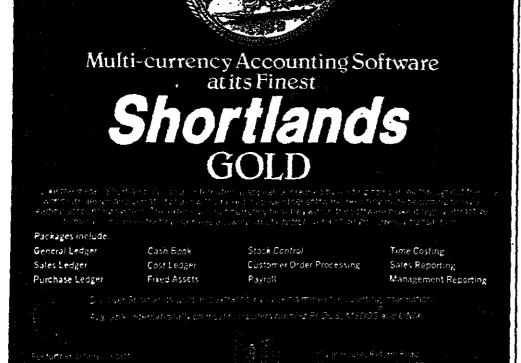
selves.

Mr Alan Benjamin, CAP's director of communications says that the banks are build-ing their own general systems there is, for example, a new cycle of branch accounting automation and the banks are building those systems them-

An example is the #40m branch network Barclays is Bre-sently installing. Work will be contracted to IBM, to British Telecom and to Northern Tele-

off the shelf from a specialist.
One good example of the way
packages are being made to work together is the automated teller machine networks being set up by banks and building

Networking software from the U.S. companies ACL SDM, QualStar is all being used but all the ATMs in the various



16 .



Well, it would still be in New York. But, we venture to suggest it might not be quite the

financial power it is today. Hard to believe? Perhaps.

But the fact remains that a significant part of one of the world's most complex international business com-

munities runs on Tandem computer systems. Can one computer company make that much

difference? Aren't all large computer systems basically the same anyway?

Well, at Tandem, there is a difference: A unique on-line system which works like no other

computer. A system which has taken Tandem from scratch to

\$530 million annual turnover—and put us into FORTUNE magazine's top 500 U.S. companies.

WHERE WOULD FORTUNE 500 BE WITHOUT TANDEM COMPUTERS?

FORTUNE 500 Just ten years after we started, Tandem joined 150 of our customers in FORTUNE magazine's top 500 U.S. companies.

A system we believe will be just as revolutionary for large U.K. organisations as it has been for our clients throughout the rest of the world.

Because it'll actually work with whatever computer system you're currently using to run your business. And make it better.

WHAT'S WRONG WITH THE SYSTEM I'VE ALREADY GOT?

Virtually every large company in the world uses a conventional mainframe computer system to run its

The mainframe is norm, and has been since the basic technology was established some thirty years ago. It's part of the furniture—and that's part of the problem. Because companies have grown used to putting

up with the problems inherent in mainframe system design. Like the fact that you can't always have all the information you want, when you want it.

When it's working to capacity, you have to "queue." And, when you want to expand that capacity, more often than not you have to replace the system with a bigger one.

Which often means stopping, retraining staff, rewriting programs-and writing off your initial investment. If you need a "fail-safe" computer—one that can continue to function even if there's a breakdown in the system-conventional mainframes can handle it. You just buy two identical systems (at double the cost) and one

Aneat solution if you happen to make the computers. Not exactly good economics for you. Like it or lump it, these are the "rules" of conventional

computers. Tandem breaks them all.

sits idle waiting for the other to break down.

SO WHAT'S THE DIFFERENCE?

Some ten years ago, Tandem looked at the problem and found a unique solution.

We did it by developing a system which cures all the day-to-day headaches that come with conventional computer technology.

Our system, for example, has fault tolerance built into it. If a single component fails, another automatically takes up the workload.

Data integrity is built-in, too. Which means that vital information shouldn't be lost or corrupted in the event of a fault.

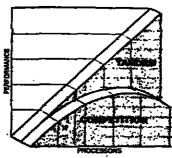
If you want to expand the system—or the database-you can, almost indefinitely. Without disrupting the system or the business.

Like building blocks, you simply add another processor when you're ready.

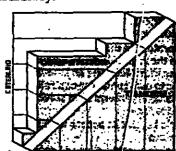
So there's no need to over-invest now in computer power you're not actually going to need until some later date.

And, unlike conventional systems, there's no decline in computer power per & as your system grows either.

You don't need to be a financial director, or a data processing manager, to imagine what that can mean to computer cost efficiency.



With computional computers, doubling your processors does not double performance. With Tundem, each incremental increase in processin power provides matching performance.



With computional computers, you must continually over-invest to ensure sufficient processing power. With Tandem, growth matches need, so your ner buest more than you have to.

What's more, thanks to Tandem's unique distributed database, all system users can have access to the same up to date information simultaneously, anywhere in the world.

However large the organisation is.

(Tandem allows from 2 to 16 processors in a single system, and up to 255 systems in a complete international network, all of which can interface with each other.)

If that sounds complicated to operate, it isn't. In fact customers in the prestigious U.S. Cowan/Datamation Survey have voted Tandem No.1 for customer loyalty.

Not once. But for three years running. Ahead of every other major computer company.

ON-LINE TRANSACTION PROCESSING.

SURVIVAL OF THE FITTEST. A Tandem on-line system doesn't just solve the problems of conventional mainframe computers....

(As if that weren't enough). It actually ushers in a new age where the

computer can respond far more effectively to the changing environment in which business must operate to survive.

An age where management is based on

information—not intuition.

Where information is fresh, not hours or even weeks old. Where people can access, update and act upon relevant data anywhere in the system network. anywhere in the world.

The age of on-line transaction processing. The fastest growing sector of an already exploding

computer market. <u>SOME OF OUR MAJOR FINANCIAL CUSTOMERS</u> ALEXANDERS DISCOUNT FIRST NATIONAL BANK SAMUEL MONTAGU

BARCLAYS BANK OF CHICAGO NATIONAL GIROBANK **HOARE GOVETT** NATIONWIDE BUILDING CHEMICAL BANK HONG KONG STOCK EXCHANGE: SOCIETY DEUTSCHE BANK NEW YORK STOCK EQUITY & LAW LEICESTER BUILDING SOCIETY EXCHANGE FORWARD TRUST UNION BANK OF FINLAND

Thanks to our unique approach to system design, Tandem lead the world in on-line transaction processing. And, as our phenomenal growth in the last ten years shows, it's here to stay.

We set out in 1974 to develop the first fault-tolerant

computer system. Along the way, we created a system that's highly

reliable, simple to operate, easy to expand—and versatile enough to handle the communication needs of virtually any corporation.

No matter how big. No matter where.

A system which can go to work improving your business—without destroying your investment in current computer technology.

Fanciful? We don't think so.

And neither do our existing customers in the financial world, telecommunications, manufacturing, distribution, transportation, retailing, energy—and government. Throughout the world.

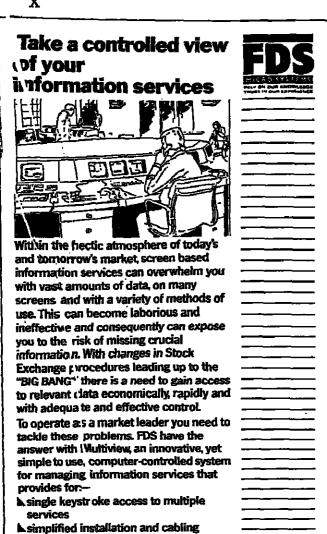
Tandem Computers cut the knot for them. Could we do it for you?

For further information and a copy of our Annual Report, please contact Michael Lambert, Tandem Computers Limited, Peel House, 32-34 Church Road, Northolr, Middlesex UBS 5AB, Tel: 01-841 7581, Telex: 933333. Other offices in the City, West End, High Wiccombe, Birmingham, Rochdale and Glasgow.

TANDEMCOMPUTERS

WORLD LEADERS IN ON-LINE TRANSACTION PROCESSING

rmantal times Saured October 19 1980



Linterception and re-assembly of

Lalerts on user-specified conditions

Atransfer of data into PC programs

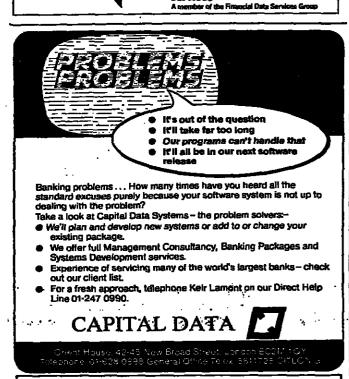
▲ control of usage and freedom of access.

Management RS Mero Syst

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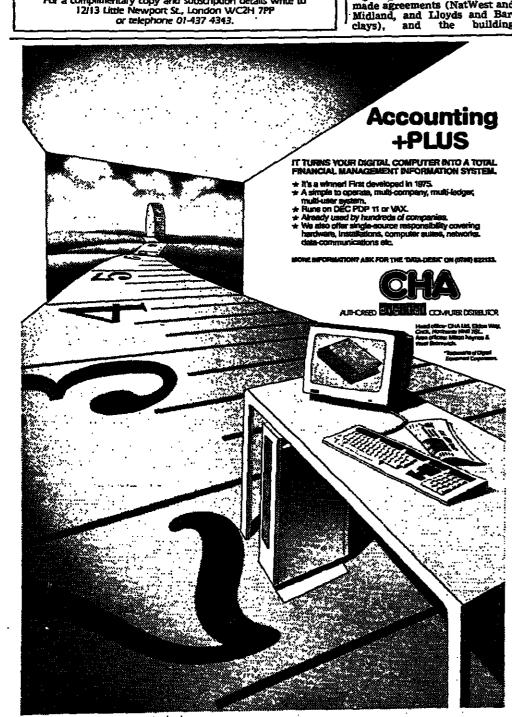


BANKING.

technology issues confronting planners and decision makers in the financial services industry worldwide. Over the past year coverage has included EFTPOS, International Payment Systems,

ATM Networks, export systems in Finance, Securities Traiding and the Big Bang, Branch Automation and Cash Management.

For a complimentary copy and subscription details write to



Integration the key to efficient networks

Branch automation ELIZABETH SAWTON

NOW THAT retail banks have automated their head office operations and interbank transactions, they are turning attention to their branch networks where technology has until recently been something of a hit and miss affair.

In order to integrate branch operations fully into the overall banking strategy, linking branch and head office via communications networks, and branch with remote site banking (such as ATMs), it has been necessary ATMS), it has been necessary to reassess much of the techno-logy installed in the past. Too often this has been on an un-co-ordinated, piecemeal basis, with a particular piece of equip-ment introduced to deal with a specific function, and the result has been a lot of incompatible technology, and often dis-appointment in the results it

A report out earlier this year by Touche Ross International* found that banks which had not round that pairs which had not seed technology into an overall marketing and planning strategy had felt expenditure had not been justified. Instead of reducing costs, technology appeared to have increased

A much cited example was the ATM (automated teller machine), which at \$15,000 to \$20,000 a go is a hefty outlay compared with the cost of a human teller. However, what seems to have been ignored is that the machine can operate consistently for 24 hours a day, whereas the human works for only a third of this time.

Nevertheless, spending on branch automation is set to increase over the next few years as banks begin to introduce integrated solutions to retail operations. A survey by Frost & Sullivan** forecast that the market for bank branch automation equipment in Western Europe will be worth \$1,159.5m by 1989 (including software).

A large part of that spending is likely to be on ATMs, which provide the most acceptable face of banking technology and can provide a self-service facitity away from the normal banking environment, for banking environment, for example, in stand-alone booths, shops, stations, or of course, in the outside wall of the bank.

The use of ATMs also reduces pressure on the branch and can be an alternative to the vast expense of establishing branches, particularly for some of the non-banks currently en-tering the retail banking arena. The UK has approximately 22,000 bank branches (including building societies) and there are 6,886*** automated teller machines in the country, which implies that the market has a lot of untapped potential. However, the trend is turning away from individual competitive networks of ATMs and towards shared arrangements. All the big High Street clearers have made agreements (NatWest and Midland, and Lloyds and Bar-clays), and the building

societies have between them ing only a few members of staff established three ATM net to help or offer advice on other works: Link, Matrix and that of services. Perhaps the best-the Halifax, known of these is in Sweden, However, the ATM is only where Cotabanken's Sveavagen

branch for its running. The normal teller functions traditional counter is becoming increasingly automated, with Schonoff explained: "The pre-terminals use to call up account sent structure of a bank branch details, update business and is expensive and ineffective provide information. These ter- from a marketing point of view. minals are linked to back-office. It is difficult to sell services becomputers, which are in turn linked via networks to centrally and layout." located mainframes. Suppliers such as Philips, Nixdorf, NCR, Sperry and Burroughs, which dominate the retail banking equipment market, are now coming up with highly sophi-

Branches

The Burroughs FSA (Financial Systems Architecture) for example, is based on a flexible integrated system of communi-cating via microcomputers, with caung via microcomputers, with one micro (the B25) acting as the branch controller and operating a cluster of up to 125 B25 open several more automated work-stations and up to 10 traditional terminals. The system ditional terminals. The system runs both the back and front office, and is easily expandable.

The effect of introducing technology (and usually the aim) is to rationalise staffing. It releases staff from the more mundane cash-handling functions, so that they can be retrained to market and sell

new financial services. There are several examples of branches which have gone one step further and totally auto-

part of the branch's operations branch has been redesigned and depends on the rest of the using technology to perform

Managing director Bertil is expensive and ineffective cause of the branch appearance

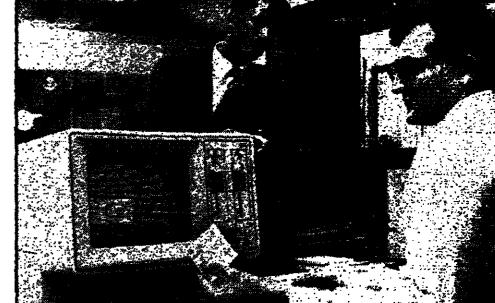
Thus, the Sveavagen branch has no counter; instead it has a number of dedicated ATMs. providing cash and depositing facilities, and an area is set apart for staff to sell and ex-vise customers on financial sersticated integrated systems to

Although the Swedes appear to be impressed by the in-creased efficiency of the normal banking functions which tech-nology has brought about, there has not been much increase in

High Street clearers is also experimenting with an unmanned branch. The National Westminster Bank has a fully automated lobby at Basingstoke in Hampshire, in a busy shopping centre. This lobby, which is entirely separate from the main bank, is open from 9.30 am to 4.45 pm (a good hour and a quarter longer than normal

Within the lobby are a nummated the cash functions leav- ber of rapid cash tills and full the necessary communications ATM Survey, 1985.

banking hours).



The signature recording and retrieval system (SIRRES), to be introduced this year, based on the NCR Decision Mate V personal computer

service ATMs, a quick deport the box and two Automated Information Service Terminals which is not in the bank's (AISTs), which use VDUs and printers to perform services such as balance inquiries, cheque book requests and so on The AISTs could perform on. The AISTs could perform more sophisticated functions if the need arose.

NatWest does not have any immediate plans to open an-other "unmanned branch"-"We are still evaluating customer reaction," says a spokes-man, "However, public acceptance is growing the whole

The speed at which automation systems penetrate throughout the bank branch depends on several unquantifiable factors, such as public acceptance and union agreements. It by Frost and Sullivan. also depends on there being

However, the need to auto-mate at branch level, even if this happens at a more gradual pace than some would like, opens the market for suppliers of both hardware and software; their integrated solutions to banking enable the bank manager to concentrate more fully on the more tenuous business of seiling his services in a sharply competitive environ-

*The Impact of Technology on Banking: Touche Ross International, 1985.

**Automation in Banking in Europe, published

International, ***Batelle

NCR wins an £18m **NatWest** order

NATWEST BANK has placed natwest bank has puced an order, valued in the region of £18m, for 1,000 of NCR's 7010 branch-department processors which connect branch equipment to the bank's new packet switched network.

Two key factors in NatWest's choice of the NCR 7010 were: the systems continuous process ing capability and its high availability.

The NCR 7010 architecture is based on distributed processing

systems connected via a low-cost local area network. This allows multiple processing devices to be configured to meet varying branch require In another major order with NCR, TSB (England and Wales) has purchased 600 auto-

mated teller machines (model. 5070) and 300 of the new Auto-One range of customer-activated self-service terminals. TSB will be the first users of these terminals in the UK and the order, in all, is worth about

The purchase of this equip-ment is part of the TSB's marketing strategy to broaden customer services, and is particularly bined to support the Saturday opening of branches.

The 5070 "in branch " ATMs allow customers to withdraw cash, initiate balance enquiries, and make deposits. The new Auto One range provides an interactive enquiry facility and a detailed statement on headed stationery.

designed for interior use has capacity for currency holding, receipting and journalling facilities, being capable of up to 5,000 transactions before money and printer replenishment Compared to previous models, it also gives reduced cost of ownership, says NCR. The new Auto One range,

announced in January, is a series of units which can pro-vide virtually all the services provided by financial institu-tions. Besides handling cash withdrawals, deposits and enquiries, it includes such services as arranging loans and advising on different savings and investment schemes.

NCR, a leading supplier of automated teller machines, includes three of the four major: UK clearing banks among its customers and the company now claims 75 per cent of the installed UK proof-encoder market. Last year Lloyds began

branch counter automation with 1,000 of NCR's 2262 terminals, following the bank's installa-tion of 80 NCR 2951 terminals to enter information into the new CHAPS automated clear-ing system. The orders from Lloyds are together worth-around £3.5m.



CASE STUDY: THE BENEFITS OF A LOCAL AREA NETWORK IN THE CITY

COMPANY convinced about the value of local area networks (LANs) is the City of London banking firm, Posti-pankki (UK). It began back in May, 1983, with a small Nestar system, linked to 16 Apple IIIs. That system has now grown to a fully-fledged net with 42 IBM

Now in its fifth year of operation, Postipankki (UK) is a wholly-owned subsidiary of three Finnish companies. The majority shareholder is Posti-

In the City, the bank deals in the City, the bank deals in securities, foreign exchange and money markets as well as providing loans. Just how much of the firm's growth is attri-

hard to quantify. Its expansion is very evident, however, with sheet footings December, 1984, reaching £470m. While business has exreaching £470m. While business has expanded staffing levels have been kept low through the increasing use of its computer

Even in computer terms, Postipankki's installation is un-usual since it is, in reality, a dual system. Alongside the PLAN 4000 network from Nestar (above) runs a terminal emulation system supplied by

terminates for Postipankil's System 36 mini. Like the pre-vious System 34, the IBM mini

accounts and reporting.
Since it was the first scheme of its kind, there were some teething troubles. Compatibility problems between PLAN 4000 and 5250 emulation have now been solved. A user can switch between emulation and shared

access at the touch of a keypad.
The LAN means that employees use the same software and can share common files. Its main functions are for word processing, electronic mail, presentation graphics and

spreadsheets. A local area network such as this does not bring about an immediate office revolution -as Mr Simon Wheatley, Posti-

buted to its computerisation is is used to store the company's pankki's financial controller points out, "the paperless office is still a pipe-dream even when all 53 members of staff have access to a terminal or a PC." The LAN's electronic mail

facility does mean that there is no necessity for reams of paper to swamp desks. However, while letter drafts can be editing and approval, they still need to be printed and sent out. Seldom do the company's staff need to draw upon tradi-tional secretarial services since most jobs are printed straight out onto headed stationery.

MICHAEL WILTSHIRE

New rules for an electronic age

Regulations ELAINE WILLIAMS

BANKS, already subject to a number of complex regulations and consumer laws (such as the Consumer Credit Act) have also to take into account new rules which relate to computers. These will form the basic rules by which banks can move fully into the electronic age.

As with any computer-based organisation, a bank has to comply with the new Data Pro-tection Act. This requires that

organisations register the fact that they store computer records of a personal nature. This may be something as simple as an address list of account holders to more sensitive information such as credit ratings and loan details relating to customers and employees.
Under the new law, registra-

tion of these personal data-banks have to take place over a six month period from next nonth. The regulations will be

administered by the Office of the move towards electronic to regulations in order to pro-Data Protection, a new body set banking. Sweden, for example, vide such information services, up specifically under the provi-does not allow the storage of They have to apply for a Velue sions of the new Act.

The Act, however, will come into force in a number of phases over the next two to three years. For example, by 1987 an individual will have the right to examine any information relating to him or herself which is stored on com-mercial databanks. A person will be able to claim for compensations against any misuse of data, inaccuracies in, or lack of security relating to personal information.

Ranks have had to set up new internal procedures to deal with the Data Protection Act. Most have had to appoint full-time staff to ensure that information stored within bank computer systems complies with the law and that databanks store only relevant information. Also, these banking staff have tried to rationalise the computer storage of information.

Regulations on personal data differ widely between countries, which considerably complicates

information of its nationals on databases outside its own country. This is probably one of the strictest personal data laws. a third party provided it offers This would prevent, for eximformation with the system. ample, the storage of a number of foreign or multicurrency accounts belonging to one custo-

But the growth of banking communications networks on which electronic banking technology relies makes the trans-mission of data easy and difficult to control. Banks in Britain are building up considerable private data communications networks, both for internal use for branch automation, as part of the provision for extra electronic services known as value-added services to large corporate customers.

Banks in the UK are subject

Added Network General Licence which allows them to sell a communications links to information with the system. This regulation aims to protect British Telecom's market on mer to be stored on a single computer outside Sweden.

Licence

Li the provision of communicapetition in this respect.

Apart from these constraints, banks have to consider how to implement regulations which banking services, the misuse of electronic banking, have been able to electronic conversion.

of countries but some banks adequate protection to either the customer or the bank. With electronic networks it is difficult to pinpoint whether misuse of a banking service is due to the account holder or to a third perty. Yet banks do have a duty to ensure that a customer

Banks have considered the possibility of cheque transac tions over electronic networks. for many years. This is where. an electronic facsimile of a cheque is transmitted to the correct branch for payment. rather than physically presented: will protect customers against as they are today. Apart from fraudulent use of electronic the high cost of truncation technology today, there is some electronic fund transfer at concern that an electronic point-0f-sale (Eftpos). Banks facsimile may not be sufficient are faced with a dilemma here to allow payment to legally as they need to make electronic take place. Banks therefore, services simple to use—but hope to replace cheques as difficult to abuse. Personal much as possible with credit Numbers cards and other forms of pay-(PINS), coupled with extra ment systems such as direct security codes to allow access to debits which are more among

Computers in Banking and Finance 11

Rapid power under pressure

Back office

systems BORIS SEDACCA

THE INTERNATIONAL banking, foreign exchange and money markets have scarcely seen so much activity in the past as they have in the last year or so, fuelled mainly by the U.S. dollar's roller-coaster

As the City of London braces itself for "Big Bang"—the general widening of the whole financial market—it is inconceivable that the sheer number of transcriptors and the second conceivable that the sheer number of transcriptors. of transactions could have taken e without the use of com-

Dealers at the sharp end of the markets have to make rapid the markets have to make rapid decisions based on numerous calculations derived from a combination of external information services and their own internal positions, and this increasingly requires the use of powerful computers of a kind which can mailly distributed. which can rapidly display calcu-lation results on a screen.

Wins

 $18 \mathrm{m}$

Vest

der

Telephonia.

Sec.

However, once a deal is struck, the paperwork, or more struck, the paperwork, or more specifically the transactions, still have to be completed and they require another type of computer altogether. In other words, back office systems are more oriented towards process-ing transactions which are less time-critical.

ime-critical.

International banking for example, is a specialised business, characterised by a relatively small number of complex, high-rales. The high-value transactions. The average international banking operation does not require mainframe computers of the type which provide the lifeblood to the retail banks with their

huge transaction volumes.
The Industrial Bank of
Japan's UK merchant hanking
subsidiary, IBJ International, raises finance through the Euromarkets and the London office deals on its behalf, managing its dollar and yen bond issues. : In September last year, it

installed a Stratus XA690 fault-tolerant minicomputer worth £250,000 for its dealing room system which will support 90 telecommunications lines to its 30 dealers, or three lines per dealer, one of which will support an IBM Personal Computer, and the other two for external information services. IBJ International has also been running a Nixdorf 8870 hack office system for some years now under Holland Auto-

mation's Nibsol package.

Mr Jeremy Rees, associate director of IBJ International, says: "We have tirtually doubled in size-in the past-year or so, and moved up to the top of the league in Euroband deal ings. The Nixdorf was getting

"We started developing a front-end system for dealers, traders and salesmen on IBM Personal Computers with com-munications to the Nizdori for back office accounting."

allows numerous functions to be selected rapidly by the dealers, something which would take much longer if they had take much longer if they had to key in commands conventionally through the standard PC keyboard. The software for the tablets has been written by Holland. Automation and is based on Logica's Rapport data. PC keyboard. The software for the tablets has been written by Holland. Automation and is based on Logica's Rapport data-

With over 400 banks and licensed deposit takers operating in the City of London alone, international banking is a lucrative market for hardware and software suppliers. As in most lucrative markets, one company usually tends to dominate with

Back in February, BIS Software won its 400th order for its best-selling Midas international banking system from BBL Australia, through an associate Australian company, lebester Branch and Australian company, Johnston Brown and Associates. Mr Tom Urban, deputy chairman of BEL Australia, says: "It was important that as an Austra-lian subsidiary of a Belgian bank, Banque Bruxelles Lambert, we could modify such factors as base currency, indus-

Another bank found the yield calculations for a Eurobond dealing support system were taking too long on an IBM

too small for our workload, so System 38-based back office ing from banks to corporate cus-we are transferring our Euro-bond settlements onto the IBM's RPG III programming Stratus.

"We started developing a language. BIS decided on payment instructions to initiate payment instructions electronically for multipoint delivery to banks, and a Corporate custometer of the strategy of

The use of digitiser tablets

Another back office inter-national banking package, lbis was originally developed by IDS for the London branch of the Italian International Bank IDS locrative markets, one company installed 13 Ibis systems: 10 in usually tends to dominate with a couple of competitors in hot pursuit.

Back in February, BIS Softwars won its 400th order for its best-selling Midas interpretations. As in the marketing by again and there are now 25 its best-selling Midas interpretational Bank 10s in terminational Bank 10s in termination in New York, one in New York, one in Stockholm and one in New York, one in Stockholm and one in Dublin. After a year of marketing by Bank 10s in termination in New York, one in Stockholm and one in Dublin. After a year of marketing by Bank 10s in Stockholm and one in users for it.

One serious contender to chal-lenge BIS's Midas package was a package called Kapiti, origin-ally developed by Kapiti Asso-ciates in New Zealand, but mar-keted for some time by Hoskyns before recently returning under hefore recently returning under the control of Kapiti's Windsor-based marketing arm. The com-pany claims to have some 300 Kapiti sites in 50 countries.

Geisco UK offers a number of faces to information on such software products for international backing and foreign financial futures from Tymexchange operations. In the share's foreign exchange, money try codes and reporting cash management area it offers facilities such as balance report-

banks, and a Corporate Treasurer's workstation called

Mr Stanley Smith, director of Alco offered is an IBM PC actually moving away from IBM. When we embarked on the Bond Aid project, we needed small cheap processors with a mumber of fast acreens.

"The Bond A:"

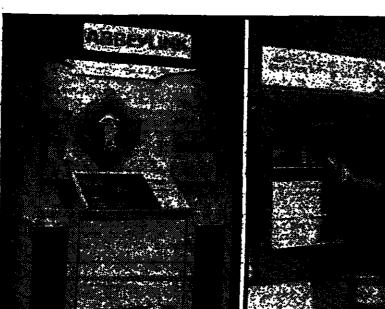
Treasurer's workstation called Micro offered is an IBM PC front ended. Global limits system with sophisticated facilities such as the passing on of a benk's unused limits to its next dealing room on the limits. ties such as the passing on or a benk's unused limits to its next dealing room on the dete-line. The company is also developing touch pads with graphics symbols for main functions symbols on its PC-based expression.

hased systems.

Mr Otto Heger, a director of the Drescher Bank (established in Dreschen in 1872, but now loosted in Frankfurt/Main), says: "Up until now, it has only been possible to allocate predictermined portions of the overall limit to the various offices.

dealing room to make use of it until the resources are enhanced. This eliminates the shortcomings of manual systems which prohibited one office from doing business with a certain party because its allo-cated limit was exhausted when another offices may have still had open reserves

Another computing services and information network operator, Tymshare, offers a bureau-based service called inter-national Banking Information markets, letters of credit and Eurobonds systems.



Britain's building societies like the Abbey National and Halifax, the two biggest, convenient access to accounts

Rivals battle over cash dispensers

Building societies MARGARET HUGHES

HAVING SCORED one first Nottingham's home service, building have just scored with the Anglia's shopping (EFTPOS) banking societies

Just a week ago Anglia went live with its Prepoint scheme, which it has developed in conjunction with ICL, at three stores in its home town of Northampton — British Rome Stores, C & A and Beatties, the Addlands department store. Midlands department store. Next week the scheme will be Caunched officially and over the event six to nine months will be extended to include 100 cretailers and petrol stations with nearly 200 counter-top Ferminals in the Northampton

Paypoint has been developed in conjunction with ICL which is sharing equally in the fin initial costs. Retailers will pay a fee for participating in this first cashless shopping scheme, but the fees have been pitched to undercut the charges imposed on retailers by both banks and credit card companies. The maximum charge will be 1.5 per cent of the transaction value and lower for outlets such as supermarkets which operate on fine margins.

British Telecom has yet to co-operate in the project despite its key potential role in cashless shopping. Major retailers, whose turnover and transaction values justify an outlay of £300 a year, have leased a telephone line for Paypoint, but smaller retailers are having to use the Dial Up scheme whereby they pay the minimum local call charge of 4.7 pence, increasing the cost of operation.

Initially, Anglia's cashless shopping will be limited to the Northampton area and to its own cardholders, but ultimately the aim is to extend Paypoint both geographically, and to other card issuers such as credit card companies, banks and retail stores and other building societies.

Participation by other build-ing societies is a likely development, given the Anglia's foun-der role in MATRIX, the building societies' own shared net-works of cash dispensers or automated teller machines (ATMs). Seven building societies now participate in MATRIX, though their ATM networks are on varying stages of develop-

is Bristol & West joining the Anglia, the Alliance and Leicester, Leeds Permanent, National & Provincial, Bradford & Bingley, and the Woolwick. has already installed 10 cash dispensers, with another 30 planned by the end of Novem-ber, Leeds Permanent, with 20, rising to 50 by the end of the year, and the Woolwich which introduced its first 19 ATMs earlier this month and will ex-

tend this to 30 by the end of November, are the furthest advanced of the MATRIX mem-The dilemma facing building societies, and one which is particularly acute for proposed merger partners, is which ATM network to join. While seven building societies have estab-lished MATRIX, other societies, such as the Nationwide, once a

MATRIX member, Abbey National, and 12 other smaller societies, which have grouped together as Funds Transfer Sharing, are members of LINK. This is a quite separate 21member-strong, shared ATM network which includes other financial institutions such as American Express, Citibank, the Co-operative Bank and National Girobank

Abbey National had planned to be the first member of LINK to have a cash dispenser in operation. But the introduction operation. But the imprometion of its Abbeylink network, announced in February with the launch set for May, has been held up by the intervention of the Chief Registrar of Friendly Societies. He would not give the graphed for the system. the go-shead for the system until Abbey National's ATM network was linked directly to its mainframe computer.

Initially, the society had plamed to introduce an off-line system, upgrading it later to real time. The Chief Registrar objected to this because there was a potential for account-holders to overdraw on their accounts, a phenomenon which is probablised under present building society legislation.

The chief registrar also expressed concern over Abbey National's participation in shared schemes with other financial institution, which he had earlier pointed out could contravene existing legislation. In his view the situation can only be clarified by the lengthy procedure of a court ruling, member of what As a result Abbey National network emerges.

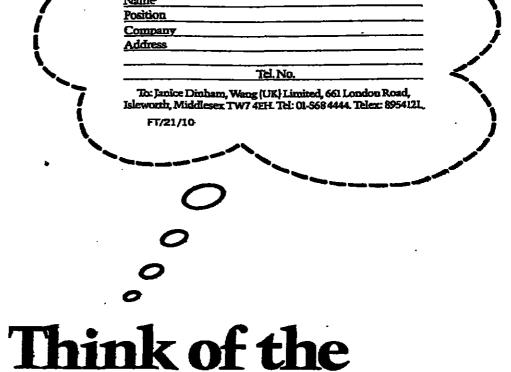
has established a company to own the machines which will be leased back to the society. In much the same way, Abbey National and other societies have established societies have established separate housing associations to undertake house building.

Meeting the chief registrar's requirements has meant that the launch of the Abbeylink system has been delayed until November, but it is still hoped to have 50 in operation by the end of the year.

The Nationwide, which plans to introduce its first cash dispenser in November, has had to overcome similar obstacles. But a greater problem is its pro-posed merger with the Woolwich. One of the major hurdles which the two societies have to overcome if the merger is to go ahead is both the incompatifility of their main frame computers, and the separate routes which they have taken on eash dispensers. A decision was have to be taken on whether the new society, Woodwich Nationwide, is a member of MATRIX or LINK, Initially it may well remain a member of both. One of the difficulties in making the choice is that whilst Link may have a broader spread of members the MATRIX net-work is both further ahead and so far easier to operate, not least because its members have a greater number of similar

Ultimately, the consensus is that the two rival systems will merge, joining forces with banks and credit card companies. But there will be a great deal of angst and pro-fessional pride to be overcome before that day arrives. It is significant that the world's largest building society, the Halifax, is not a member of

Its ATM network is far the furthest advanced with 351 cash dispensers in operation. Its ATM service is also more sophisticated in that its Card Cash account is a two tier account which pays a high rate of interest on deposits of £2,000. With more than 800,000 Card Cash account holders under its belt, and the claim that 92 per cent of its members now have a cash dispenser with in easy travelling distance, it can afford to wait until the dust settles between the two rival systems—after which it will, in all probability, become a senior member of whatever national



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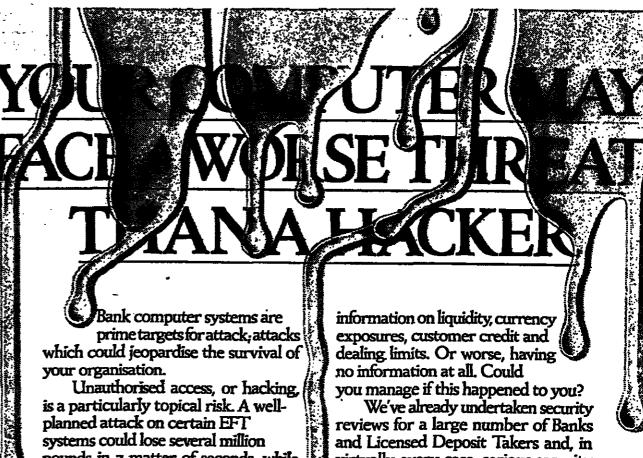
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City unclear on Big Bang

The London Stock Exchange **ELIABETH SAWTON**

WITH SCARCELY 12 months to go before Big Bang transforms trading activity on the London Stock Exchange (LSE). both by the abolition of fixed commissions on securities and the move to dual capacity (where a firm can act as both principal and agent), the City seems to be far from clear on several key issues; namely, what technology should be installed to execute automated trading, who should provide it and who should be allowed to trade on the Exchange.

The issues are closely tied and reflect the underlying reluctance of the traditional City institutions to relax their close control on business; the Stock Exchange wants to maintain exchange wants to maintain control of both the information and the trading systems used after Big Bang, while at the same time acknowledging the increasing interactivity and expansion of markets globally. and the associated pressure to relinquish some of this control.

Likewise, with the question of membership of the Exchange, the Council is still undecided Ship on 🐠 2r,

Although the Exchange has its automated quotation system (SEAQ) almost ready, the actual trading of shares will initially take place with the traditional paper confirmation slips and telephones.

Guotes

Original plans to build an in-house system, Mantis, which was to be introduced about a year after SEAQ, is still under discussion. An extension of SEAQ will allow for the trading of small order executions, mostly on behalf of private investors, but a system for the automation of the big block trading which is the core of the Exchange's activity, have

including price, size and time of deal, high and low quote for the day, accumulated number and value of shares traded on the day, plus company news and important announcements.

It will be used as a means of matching up different market makers and brokers buy and sell bids—"a kind of electronic Exchange and Mart," says one broker.

Plans for automated trading after Big Bang allow for a broker to selec tthe best quote from his SEAQ pages (and the obligation to buy at best execution still holds), and then go in and buy or sell, via his

Confirmation of trades will be carried out by the Exchange computer and written confirma-tion provided. This puts a heavy burden on the technology; it must be fast, efficient and capable of handling large volumes. Moreover, it must be operational much sooner than originally anticipated—as soon after Big Bang as possible to meet the growing demands of the large, technologically advanced firms which are eager to compete in the global

Negotiations

It is no secret that Reuters and the U.S. trading system, Instinct, to which Reuters holds on criteria for joining, although instinct, to which Reuters holds it is "committed to allowing outside firms to join." As yet are ready in the wings to proundetermined is the price of vide this automated trading entry and the type of membership on the entry and the ready in the wings to proundetermined is the price of vide this automated trading entry and the type of membership on the entry and the price of wide this automated trading expected service. service and are currently involved ina protracted series Exchange.

Instinct, which is used by about 300 broker/dealers and institutions in the U.S. and has a daily volume of five million traded shares, has the big advantage of a proven track record in running automated trading on NASDAQ (National Association of Securities Dealers Automated Quotations System).

Instinct chairman. Mr Bill Lupien has been vocal in his criticism of the Stock Exchange's determination to build its own trading system, and he is not alone. One London broker says that "the Stock Exchange should confine itself to the regulatory func-

is a system run by someone else; that makes the Exchange second in command."

The best that can be said at this stage is that all three parties are talking. Reuters are due this autumn to introduce Instinct into Europe for North American trading only, to begin with, including UK stocks with U.S. listings. This, however, will also set them up conveniently to extend facilities to London-listed stocks on the LSE.

Exchange Council has an-nounced rule changes that open up trading for London's brokers in advance of Big Bang. First, British member firms are to be allowed to trade in UK stocks quoted on the New York stock exchange in the form of ADRs (American Depository Receipts), and in response to this the New York Exchange is winners in the ongoing de-opening half an hour earlier to regulation of the London allow more time for trading financial markets."
with London.

This is an advoit move to allow UK traders to compete with their American counterparts; bear in mind that some of the most important UK companies are traded heavily on the U.S. markets—ICI, for example, has more than 60 per cent of its share traded on U.S. markets.

The second rule change allows outsiders to own 100 per cent of a UK Stock Exchange member firm from March 1 next year. If an outside company holds more than 29.9 per cent of the capital of a member firm it has to become an external member of the Stock Exchange. and prior to next October, any outside firm has to undertake not to trade in dual capacity.

Deregulated

Both these changes help to erode some of the barriers to international trading of equi-ties. The Stock Exchange has already established a quotation system in international securities traded in London. SEAQ International, which has attracted considerable strength (Goldman Sachs, Shearson Leh-man, Vickers da Costa, Bache Securities among others).

SEAO International operates yet to be decided.

SEAQ, which will be transmitted to all members on Stock Exchange terminals, will display quotes of all market makers in order of price,

SEAQ international operates on NASDAQ lines and is a use-operations to a commercial full timus test for the Stock Exchange to gauge how well the City will react to the more exposed system of quoting after spokesman countered: "Instinct Big Bang.

similar service, however, and has attracted an equally impressive group of market makers. To City watchers this only accentuates the determination of the big information provider to take a large chunk of the business in trading systems in the deregulated market.

Perhaps the most pertinent observation on this flurry of preparation for Big Bang comes from a leading New York consultant, Richard Radez, who warned earlier this year: "If the emerging British securities firms do not acquire the capability to rival the computer-based securities trading systems of leading Wall Street firms, they run the risk of seeing the U.S. investment banks emerge as the major



Close watch on new technology

rmancial runes outlined to 1800

Union viewpoints

HELEN HAGUE

THE IMPACT of the increasing use of new technology in Britain's clearing banks is being monitored by the two trade unions which organise workers in the sector. Between them, the Banking, Insurance and Finance Union and the non-TUC Clearing Bank Union represent in excess of two-thirds of the 250,000 staff in the clearing banks.

In the wake of the recent college of the fifth round of merger talks, the CBU and Bifu remain divided. However, they are united in their desire to reach new technology agree-ments with employers which will guarantee job security and negotiating rights. This goal has, to date proved

This goal use, somewhat elusive. 75,000 of its 156,000 member-ship in the clearing bank sector -last month relaunched its campaign to alert bank em-

ments. So far, no employer has purchase goods with a plastic career promotion routes for agreed to give the union negocard.

It will link with an authorities. Blfu. The days when a 16-year-

In Bifu's definition, new technology on acceptable terms means active participation in discussions leading to its im-plementation with benefits passed on to employees—particularly in reduced working hours.

Debate within the union takes place against a backdrop of predictions of job losses, widespread "de-skilling" and the erosion of traditional promotion prograte (f. page technology). motion prospects if new tech-nology advances without agree-ments acceptable to the union. The introduction of Clearing Bank Automatic loss of some messengers' jobs by natural wastage. Bifu argues advanced technology should be used to benefit, not

displace employees.

Though the union does not have an apocalypic vision of the imminent arrival of the cashless society the ramificatransfer at the point of sale (Eftpos) will be closely watched.

purchase goods with a plastic career promotion routes for card.

It will link with an authorisation terminal which will check how much money is in the customer's account and debit the amount spent. All management recruits are now gone. The majority of management recruits are now gone and are now gone. debit the amount spent. All managemer, paperwork is cut out. And the graduates.

fear is that jobs will go, too. were announced this autumnic.
The increasing use of autumatic
teller machines (ATMs) both
inside and outside banks has
been one of the most visible changes in banking services over the past five years.

The National Westminster Bank and Lloyds offer Saturday morning services (without cashiers). Other staff are there to offer specialist services.

Trend

The trend would appear to be moving towards the auto-matic bank counter, with customers keying in requests for cheque books or standing orders without them having to

ployees to the implications of watched.

Though in its early stages, the mew technology.

The relaunch comes after a cashless shopping revolution.

Seven years of attempting to in lay terms, it means that a win new technology agrees shopper can go into a store and drastically altering traditional mems the future holds out the and safety aspects.

Barciays announced recently Three Eftpos pilot schemes that new recruits would be were announced this autumn.

The increasing use of automatic of new entrants will not have recourse to time off to take banking exams for career enhancement. Bifu claim this is tantamount to an admission that career development prospects are severely limited.

The union is keen to see a complete overhaul of job evaluation schemes in banks,

as most were drawn up in the early 70s, before new technology gathered pace.
As banks move into new areas of business such as mortgages and insurance, the union ex-pects its membership profile to

conventional credit cards—axe earmarked for growth. There be processed by staff.

In the longer term, the prospect of home banking poses an evident threat to jobs. Though in its early stages, the unions are keeping a vigilant eva on developments.

The grown the grown that sees its major objective as the staff numbers in total will conactened achievement of new technology. Though in its early stages, the unions are keeping a vigilant and general secretary for its cover retraining, redeployments.

alter. These sectors-along with

poverished career developmen "The fear is that people wi be recruited at lower grade basically to input and extra data from computerised are tems, rather than starting at the first rung of a career last der" says Mr Moore.

Union activists believe there is a considerable degree of complacency among members on the impact of new technology. The problem of apathy, they argue, means that staff who the questioningly comply with the introduction of a new machine may be speeding their own obsolescence—or someone else;

within the clearing bank net Hence the relaunched aware ness campaign. The CBU is a confederation of the in-house unions as Barclays, National Westminster

and Lloyds. It represents 29.00 bank employees and is traditionally more low profile that Bifu. On computerisation, the unic

job-evaluation hours and parterns of work, as well as health.

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SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Monday October 21 1985



Alcoa slips

amid weak

ALUMINUM Company of America

(Alcoa), the largest U.S. aluminium

producer, registered a small decline in profits in the third quarter, with

earnings amounting to \$57.1m. or 69

\$60.1m, or 74 cents, in the same pe-

Third-quarter sales amounted to \$1.27bn against \$1.43bn a year earli-

er and for the first nine months

came to \$3.95bn against \$4.36bn.

Earnings in the nine-month period

were \$104.3m or \$1.26, against

Mr Charles Parry, chairman, said

the third-quarter earnings were above expectations, although inade-

quate. "Business softened from the

second quarter to the third, with a 6

per cent decline in shipments and

with continuing price weakness in

both aluminium ingot and fabricat-

ed products," he said. "However,

our concerted efforts to improve

riod of 1984.

\$270.8m or \$3.32.

demand

Tight terms of BHP deal surprise banks

morning of the S1bn financing for finer terms a sterling transferable Broken Hill Proprietary, the Ausboan facility it arranged at the tralian resources group, were still beginning of the year to back its emitting audible splutters on Frimortgage portfolio. Banks already day night at the tightness of its in the syndicate are being asked by County Bank, the merchant tal from £200m to £300m. The matubanking arm of National Westmin-rity will be kept constantly at seven ster, was described by the more reyears through annual renewals.
strained as "brave" for launching The spread over Libor is 35 basis

such a large deal - the standby por- points compared with 43% on the tion is \$700m - with no margin above London interbank offered rates, a 10-year maturity, underwriting four basis points (rising to to 12% basis points and a fee based 6% after seven years) and a utilisa-tion fee of five basis points, rising used. to 12% if the standby is more than half used.

The managers argued that BHP, as one of the largest and best-rated Australian companies, deserved prime pricing and that the terms were intended to be aggressive. The fact that the company was the target of takeover bid speculation, they said, was immaterial in the raising of such finance.

In another British borrower, the investment group J. Rothschild Holdings. S.G. Warburg is leading the deal, a \$200m multi-option facility including a \$100m five-year committed facility on which the margin over Libor is 10 basis points and the utilisation fee five basis points if it is more than half used. There is a facility fee of 7% basis points for the raising of such finance.

There appeared to be no doubt that the deal would be fully sub- Warburg will arrange the distribuscribed, though some bankers questioned whether the setting of such fine terms would enable BHP to assemble as comprehensive a group panel for cash advances.

Ilsewhere, the "Bonus the comprehensive a group panel for cash advances." writers - particularly in view of the for R.J. Reynolds was increased by 10-year maturity. As bankers di-Bank of America from \$300m to gested BHP, a steady autumn flow \$400m after being heavily oversubof smaller mandates was under scribed, and Piedmont's went up

er apathogo or apathogo

Akzo, the Dutch chemicals group, mandated Credit Suisse First Bos- \$30m facility for Bahrain Middle ton to arrange a \$150m 10-year re- East Bank providing for the issue of volving credit of which \$100m is CDs at a maximum of 25 basis committed. The borrower may draw points over Libor. multi-currency advances or sterling bankers acceptances through a ten- kets for a new credit for its Foreign der panel. The committed portion is Trade Bank through Deutsche divided into two equal tranches Bank, Barclay's put into syndica-with an underwriting commission tion a \$150m credit for the Romaniof an average eight basis points ris- an Bank for Foreign Trade. It is fuling to 10 if the second is used. ly underwritten There is a facility fee of 10 basis points and a spread over Libor of wegian financial services group, 12½ basis points for the first mandated Banque Paribas (Lontranche and 18% for the second.

BANKERS who learned on Monday insurance group, is rearranging on Samuel Montagu to increase the tooriginal deal. There is also understood to be a 21/2 basis-point renego tiation fee, management fees of up

> Terms also emerged on a facility for another British borrower, the facility fee of 71/2 basis points for the first three years and 10 thereafter. tion of any Euronotes, offering par

Elsewhere, the "Bonus" facility from \$50m to \$75m. The arranger, Merrill Lynch, is also heading a

As Bulgaria approached the mar

Nevi, holding company for a Nordon) for a \$50m five-year transfer-London and Manchester, the UK able loan facility

Finer margins prompt rush of early calls

BY MAGGIE URRY IN LONDON

PITY the poor floating rate note investor. New issues come on finer and finer margins. And when he reads his morning paper, he discovers that older deals are being called early because the borrowers know they can refinance more

Once again Sweden has shown the way to other borrowers. Last week it called a \$1hn issue, only two years old. This year Sweden will have repaid far more floater paper than it has issued.

With the EECs refinancing of its \$1.8bn deal and Denmark's call of its \$600m perpetual, plus a host of other smaller issues, the total amount of floating rate note paper called this year comes to well over \$10bn, according to figures from the Association of International Bond

In 1984 the total was under \$1bn. This year new issue volume has been at a record level, too, and many of the deals called have been refinanced. But even so, investors are finding the yields on their portfolios being whittled away. Their perhaps also for \$250m. demand for paper is the main reason behind the narrowing margins. It is a sign of the changed times

BNP seeks presence

BANQUE Nationale de Paris, the would have about four branches in

in Turkish market

of Akbank, said the new bank business community.

BY DAVID LASCELLES IN ISTANBUL

ances that has brought the number

of foreign banks active in Turkey to

20 since liberalisation began four

BNP will own 49 per cent of the new bank, and Akbank 51 per cent.

It will be initially capitalised at

Mr Erol Sabanci, vice-chairman

mean between London interbank bid and offered rates (Limean) which Sweden was paying on its is-sue dated 2003 was considered attractive when applied to the Bank of Scotland perpetual deal launched last week, on the very day that den's bombshell hit the market. Bank of Scotland is a name which

is well regarded in the market. Still, it is a long way from Sweden. The Bank of Scotland also paid much lower fees than Sweden did two rears ago. And its deal was successful, with a rapid increase in size. The fear investors have is that

sovereign borrowers will not be so keen to issue floaters now, even at the lower rates. Sweden itself is keeping its own counsel on the subject but has not rushed into the floater market again. It has sufficient cheap money from note facilities. And its first move in the bond markets was to launch a \$250m fixed-rate Eurodollar issue - which was trading well on Friday. This week there is a strong chance that Sweden will launch a Yankee deal,

The fixed-rate new issue managers had a busy week last week with a variety of new deals. On Friday that the % per cent margin over the Morgan Stanley revived its warrant

This year several foreign banks,

including American Express, Chemical Bank, Mitsui Bank and Irving

Trust, have entered into partner-

ship with Turkish groups to attack the local market. Alliances of these

kinds are viewed as a more rapid way of obtaining market share and

breaking into Turkey's tight-knit

just within the 2% per cent fees. seems to know no bounds.

structure, used for Denmark and Gaz de France, for Austria. This time the bonds were being syndicated and the warrants being placed. No issue price was disclosed for the

Paper. The creativity of bankers Apart from Sweden's deal, the is-

week, and other deals generally prices only slightly lower on the lagged behind a rally in the New York bond market.

Equity-linked issues are pro popular still, and Union Bank of Switzerland (Securities) had a blow-out on its hands on Friday with an issue with warrants to buy its parent company's bearer partici-pation certificates which will be fungible with an issue coming in Switzerland. The bonds were trading around 107.

Japanese borrowers are a steady source of equity warrant issues. rally around Thursday hunchtime And there could be even more deals and by the weekend had made up coming from them in the new year when Japanese investors will be allowed to buy detached warrants.

market and a weaker dollar towards the end of the week helped. lowed to buy detached warrants.

The secondary market has improved over the last week but is lagging the New York Treasury bond market. Unlike that market, there is a supply of Eurodollar bonds which puts a lid on price gains.

ket, where deals have been coming thick and fast. Like the Scott Pape deal, most of them seem to be tied to swaps, and bought deals are very much in evidence. The secondary market has not been too depresse by the weight of paper so far, with syndicate manager at Goldman.

week.

More deals are likely to come

next week, though terms seem to be and prices getting a little more generous. The pace of new issues has slowed in the D-Mark market with only three deals appearing last week. So far in October, 12 issues out of the expected 25 have been launched, and it now seems probable that some of the others will be

quietly postponed.

The secondary market started to earlier losses. The strong domesti The increase in Coca-Cola's issue in the New Zealand dollar market

seems to have persuaded Swedish Export Credit (SEK) to launch a deal. Whether the retail investors which dominate this currency have There is no shortage of supply in the same appetite for SEK as the Swiss franc foreign bond mar- do for Coke remains to be seen. the same appetite for SEK as they Mr David Watkins has been appointed director of new issues at Goldman Sachs. He is a member of the boards of the AIBD and the International Primary Market Asso-

slipped from \$216m to \$211m, tak-

Despite the continued losses, Mr

Wendell F. Bueche, president and

of the "resized and restructured Al-

lis-Chalmers are trending in the

right direction." He noted the rise

tion in the capital goods market.

ing the nine-mo \$643.7m (\$623.4m).

profitability by reducing costs are paying off. During the third quarter, Alcos shipped 432,000 metric tons of products against 439,000 tons in the same period of 1984, with primary aluminium products accounting for 20 per cent of the total this year compared with 18 per cent a year

ago. Commenting on the outlook for the year, Mr Parry said order receipts were down and that he saw little improvement in aluminium Sales in the latest three months

 Alcoa of Australia, a subsidiary, the nine month figure to lifted net profits for the first nine months to A\$42.1m (U.S.\$29.5m) from A\$37.8m a year earlier. Revenues rose from A\$853.4m to chief executive, said the operations A\$884.1m.

The profits rise mainly reflects the effect of a weaker Australian right direction." He noted the rise dollar on the company's sales in in sales so far this year in spite of U.S. dollars. This offset lower metal soft demand and intense competi- and alumina prices, and slightly re-

Conv Becondary Market U.S.\$ 13,523.8 1,011.5 10,103.2 1,971.2 Prev 12,065.3 1,100.6 13,564.7 1,677.9 Other 3,865.1 56.3 1,104.8 1,854.0 Prev 4,272.1 57.8 806.4 1,741.0

warrants though they were quoted at \$35 bid. The bonds were trading The deal was a swap into Swiss francs with the other side provided by the SwFr 217m issue for Scott

sue for Sun was the highlight of the

AMR lifted by revenue gains

By William Hall in New York

AMR, parent of American Airlines the second biggest domestic U.S. carrier, lifted third-quarter net inlargest French bank, is to enter the Turkish market through a joint venture with Akbank, Turkey's largest privately-owned bank. The deal is the latest in a series of allimercial conglomerate. come by 11.1 per cent to \$87.3m on the back of an 182 per cent increase in revenue passenger miles, a key measure of airline traffic.

The latest earnings, equivalent to \$1.45 a share, compare with \$78.5m, or \$1.51 a share, in the third quarter Mr Robert L. Crandall, chairman

said the latest results reflected the "continuing success" of AMR's growth plan and that in expectation of continued growth, AMR exercised options on 20 McDonnell Douglas Super 80 aircrafts

Allis-Chalmers loses \$18m in third quarter

BY OUR FINANCIAL STAFF

ALLIS-CHALMERS, the struggling nine-month stage compared with a U.S. process equipment group, has loss of \$43.3m, or \$3.63, in the 1984 reported further losses, with a period. third-quarter deficit of \$18.4m, or \$1.40 a share, compared with a loss of \$15.6m, or \$1.27, a year earlier.

The latest figures include a \$3m charge for final audit adjustments on the sale of the farm machinery unit earlier this year to a subsidiary of Kloeckner-Humboldt-Deutz of West Germany.

Losses from this business, and on its disposal, are mainy responsible for putting Allis-Chalmers \$168.9m, or \$12.20 a share into the red at the

New Issue / October, 1985

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All of these Securities have been offered outside the United States.

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New Issue / October, 1985

U.S. \$100,000,000



Christiania Bank og Kreditkasse

Floating Rate Subordinated Notes Due October 1997

Salomon Brothers International Limited

PK Christiania Bank (UK) Limited

BankAmerica Capital Markets Group

Citicorp Investment Bank Limited

Deutsche Bank Capital Markets Limited

Kidder, Peabody International Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A.

Mitsui Trust Bank (Europe) S.A.

Nippon Credit International (HK) Ltd.

The Talyo Kobe Bank (Luxembourg) S.A.

Den norske Creditbank E F Hutton & Company (London) Ltd

Mitsui Finance International Limited

Morgan Stanley International

Société Générale

Takugin International Bank (Europe) S.A.

Toyo Trust International Limited Westpac Banking Corporation Yasuda Trust Europe Limited

Bank of Yokohama (Europe) S.A. Crédit Commercial de France

Merrill Lynch Capital Markets

Orion Royal Bank Limited

Credit Suisse First Boston Limited

Shearson Lehman Brothers International

U.S. MONEY AND CREDIT

Debt debate puts trading in neutral

THE U.S. credit markets con tinued to coast along in neutral last week, unwilling to shift in any decisive manner until the debate over the debt ceiling is resolved in Washing-On Monday, trading closed down anyway for the Columbus Day holiday, but after that rates drifted side-ways in relatively light activity. failing a little after the Gross National Product figures on Thursday, but then swinging back up again on Friday.

Over the balance of this month, there appears to be no fear that the deadlock over government borrowing in Washington will make the Treasury run out of cash. Even if Congress continues to deny the government authority to inability to raise money, the Treasury has some new financ-Treasury has some new finance auctioned, of which \$8.1bn will government, but which does not ing capacity in band, thanks to go to the replacement of mature count towards the legal debt a little legerdemain involving ing debt, with the other \$1.1bn ceiling, the authorities will

	Lest	1 week	4 wks	12-n	wath-
	Friday	\$ 90	290	High	Low
Fed Funds (weekly average)	8,02	8,00	7.93	10,10	7.10
Three-month Tressury bills	7.19	7.19	7.00	9.86	6,67
Six-month Treesury bills	7.30	7,35	7.28	9.68	6.8
Three-month prime CDs	7.82	7.96	7.57	10.20	. 7.37
30-day Commercial Paper	7.80	7,80	7.88	9.90	6.90
90-day Commercial Paper	7.80	7.80	7.90	9,90	7.00
U.S. BOND PRICES	AND	YTELDS	(%)		
	Lest	Change		1 week	4 wks
		on week	Yleid	200	2go
Seven-yeer Treasury	1015	+ 4	10.04	10,22	10.7
20-year Treasury	1015	+ 14	10.60	10.78	10.7
90-year Treasury	101%	+ 15	10.45	10,60	10,57
New 10-year "A" Financial	N/A	+ 12		11,13	77,15
New "AA" Long utility	N/A	+ 2.	11,50	11,76	11.74
New "AA" Long industrial	N/A	+ 2%	11.38	11.63	11.63
_	Sour	ce: Salon	ian Staj	(Batima	tes).
Money Supply: In the week ended Oct	ober 7	M1 feli i	ry \$3.3±	on to \$6	11.5bn.
			_		
the Federal Financing Bank	to th	e expan	ding 1	reeds d	of the
(FFB),		c purse.	<u> </u>		~_~

of the FFB's resources has al- -it was up sufficiently to conready been used up, and, after found any talk of imminent this week's offering, it will only have \$8.8bn of unused borrow- high to promote any fear of ing authority left. runaway growth that would So the log-jam in Washington clearly has to break some-time, and when it does, the credit markets will be faced with the problem of absorbing around \$50hn by the end of the year. The apprehension over this pace of growth.

this prospect was compounded last week by a jittery wait for the M1 figures, also out on the third quarter GNP figures. Thursday, made very little impression: the steep \$3.3bn fall was expected after the huge vigorously rearranging its growth forecasts over the pre-

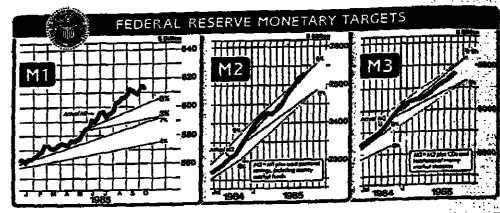
vious week or so, with the con-sensus moving towards a sub-

stantial upward revision of the 28 "flash" figure put out

responsibilities. But they are announced by the Commerce well aware that the game can- Department looked as though it not go on forever. Some \$5bn had a little for everyone in it recession, but not sufficiently pose yet another strain on borrowing. Indeed, the mild downward movement in rates on Thursday was an indication that investors saw no particu-

> jump in the previous week in-spired by banking flow dislocations following Hurricane Gloria. And the economic statistics on Friday — a 1.2 per cent rise in personal consumption expenditures and an increase of

> lar threat to the system from



0.3 per cent in personal income some economists argue that the also caused little reaction, Fed's next move will have to -also caused little reaction, since they were broadly in line with the GNP statistics. The more important question over M1 is whether its present longer-term rate of expansion will force the Federal Reserve Board to begin pulling on the reins a little. Over the last 12

Liusuciai Jimes Ostilias Ostorel 19 1903

newed inflation.
Other economists, on the other hand, point to the present

subdued rate of inflation - in the third quarter it was running at 3.3 per cent — as giving the Fed plenty of scope to continue

to inflationary pressures. The September capacity utilisation be towards a firmer policy in an attempt to ward off fears of renewed inflation.

Other economists, on the other hand, point to the present subdued rate of inflation—in strain on prices. The balance of Wall Street forecasts seems to be towards broadly unchanged policy from the Fed for the time being

Terry Dodsworth

Lawson's speech dispels some of the unease among brokers over his new strategy IN THE git-edged market at least Mr. Nigel Lawson's speech at the Mansion House on Thursday clearly had the desired effect. The Chancellor's remunciation of this year's official target range for sterling M3 and the desired from the colors over the Chancellor's remunciation of this year's official target range for sterling M3 and the desired the market's opening on Friday the market's opening on Friday the Bank of England had sold out of the S80m Treasury 10 per cent 2001 issued by tender a day cleriter. By 3.90 pm it felt emission to his policy is to fund the PSBR. The objective of funding precent to which the Treasury's case prospective funding precent 2001 issued by tender a day carrier. By 3.90 pm it felt emission to the long of this year of the policy is to fund the PSBR. Lawson's speech at the longs, although losses were limited to \$\frac{1}{2}\$ points. That said, broker W Green the measure has been hope lessly distorted by structural and Br. Lawson's fore cast of inflation of below four prices for longer maturities did not entirely dispet the unders of the supply outlook looks funding present points first, despite the Bank of England had sold out of the 8800m Treasury 10 per cent 2001 issued by tender a day earlier. By 3.90 pm it felt extent to which the Treasury's case prospective funding present to which the Treasury's case prospective funding present to which the Treasury's case prospective funding present to which the Treasury's present to seal to how delice the likely scope for tax cuts. The first doubt concerns the extent to which the Treasury's present to each at how delice the likely scope for tax cuts.

day earlier. By 3.30 pm it felt emboldened to issue a further 2500m of stock.

As yields for 25-year gilts fell to 10.1 per cent just fractionally above the best of

the year, some brokers began to talk of another determined assault on the 10 per cent yield The speech, of course, had minuses as well as pluses. If the Chancellor is unwilling to

nudge up longer-term yields when he needs to tighten monetary policy, the strain will be taken by short-term interest Here Mr Lawson stressed that official policy was at present "cautious," but that he would

not hesitate to push up rates Short-dated gilts responded by moving in the opposite direc-

NEW ISSUE

policy is to fund the PSBR (public sector borrowing requirement) over the year as a whole: no more no less. And that we are doing," Mr Lawson

In a section of his speech slightly earlier, he made it clear that the definition of funding included sales of debt both to the non-bank private sector in Britain and to overseas investors. The only sales excluded are those to the UK

banking system.

None of this is to suggest that the Government Broker can simply rest on his laurels. The exact figures are almost impossible to untangle, but the PSBR has probably been underfunded so far this year, particularly as the Treasury's £7bn target looks increasingly optimistic.

rates can be taken at face value. Last month's Group of Five agreement to seek a lower dollar included provision for changes in the cross rates between non-dollar currencies. An implicit element was a fall in the value of sterling against the D-Mark. That pact has so far worked

and Britain has secured a size-able devaluation against the West German currency within the framework of overall stability for the pound.

That leads economists such as Mr Richard Jeffrey of broker Hoare Govett to believe that if

short-term rates. The second source of unease focused on sterling M3 itself. The market has broadly accepted the official view that

of England—that sterling M3 may be saying something about trends after that, a period when the Government will be under pressure to reflate as the general election approaches.

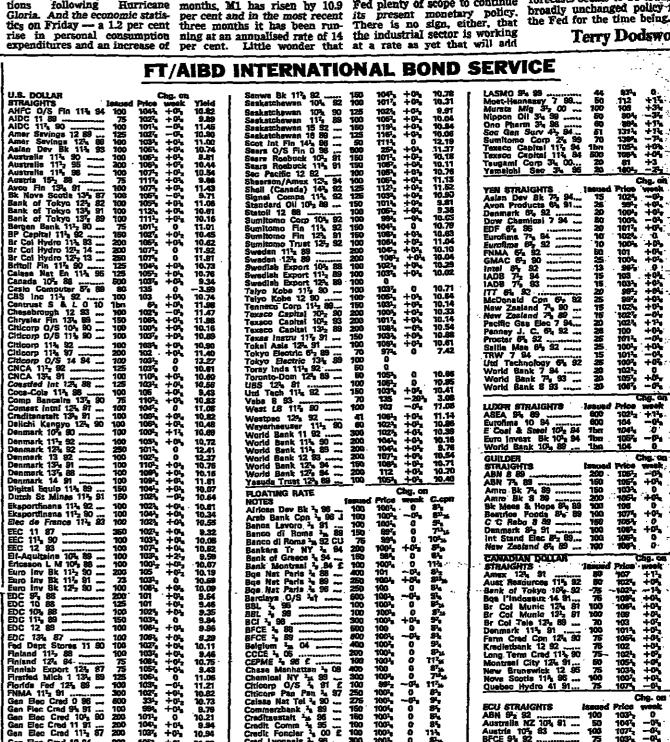
Overall confidence has not been helped by the decision to drop any reference in next month's Autumn Statement to the likely scope for tax cuts

the likely scope for tax cuts next year. The move, which in-volves the withholding of official revenue forecasts, is being interpreted as a possible down-grading of the PSBR target for 1986/87 pencilled in by the Medium Term Financial Strategy.

As a footnote it is worth mentioning that the Chan-cellor's final speech excluded two elements included in earlier drafts. The first was a reference to the European Monetary System, and the second to a hybrid measure sterling were to rise strongly second to a hybrid measure—
against the D-Mark, the an average of the growth rates
Treasury would seek a cut in of sterling M3 and Mo—which another

OCTOBER 1985

Philip Stevens



These Notes having been sold, this announcement appears as a matter of record only.

U.S. \$2,500,000,000



United Kingdom

Floating Rate Notes Due 1992

S. G. Warburg & Co. Ltd.

Credit Suisse First Boston Limited

Amro International Limited

Bank of Tokyo International Limited

Bankers Trust International Limited Banque Bruxelles Lambert S.A. Banque Nationale de Paris

Barclays Merchant Bank Limited

Baring Brothers & Co., Limited

Citicorp Investment Bank Limited Commerzbank Aktiengesellschaft County Bank Limited

Deutsche Bank Capital Markets Limited Goldman Sachs International Corp. **Hambros Bank Limited**

Dresdner Bank Aktiengesellschaft

Kleinwort, Benson Limited Lazard Brothers & Co., Limited

Hill Samuel & Co. Limited

Lloyds Merchant Bank Limited

Merrill Lynch Capital Markets

Samuel Montagu & Co. Limited

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Orion Royal Bank Limited Nomura International Limited

N. M. Rothschild & Sons Limited

Salomon Brothers International Limited

J. Henry Schroder Wagg & Co. Limited

Standard Chartered Merchant Bank

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

INTERNATIONAL COMPANIES AND MARKETS

FRENCH BOND MARKET

Little room remains for interest rate cut

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E TO THE STATE OF THE STATE OF

ness of the French franc within the European Monetary System and with foreign exchange reserves still climbing, the stage might appear to be set for a sharp decline in long-term french interest rates over the next few months.

Some room remains for downward movement—but not much.

Some room remains for downward movement—but not much.

Following the factor unsettling bond market's reliauce on esentially short-term investment, much of it channelled from corporate treasurers with each surpluses, places it in a fragile banker; say uncertainty over state which one senior Paris banker last week described as added a "risk premium" to long-term yields.

Following the opening this over the capital market is how interest rates can come

WITH THE French inflation rate edging down to about 5 per cent, yields on state bonds on the Paris capital market, which were falling gently to around 10.7 per cent on Friday, are looking distinctly generous to investors.

French Treasury officials point out that real interest rates in France are now about two points above those in West officers ness of the French franc within the European Monetary System and with foreign exchange to the process of the French franc within the European Monetary System and with foreign exchange to the state's last quarter borrow in the state's last quarter borrow in the state's last quarter borrow in the bond market. The Treasury has tried to calm bond dealers' fears by announcing that the commercial paper market will be limited to about FFr 10bm in 1986. This should lower the risk of withdrawally from the bond market.

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The Treasury has tried to about the bond market.

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The Treasury has tried to about the bond market.

Th

earnings structure of France's big commercial banks with large retail networks, which deposits for their profits.

With margins already under pressure this year as a result of slack credit demand, these banks' high overheads costs place serious question marks over profitability as soon as base rates come down to around the 10.5 per cent area. Even though M Beregovoy last week was renewing his customary calls for banks to cut base rates soon, the Treasury is fully aware of the risks for bank profitability in pushing the des-cent too fast.

Some room remains for downward movement—but not much. Combination of technical and economic circumstances—as well as political uncertainties which will loom larger with the approach of general elections next March—may mean that approach of general elections the bottom of the present of the bottom of the present cycle.

Although the bond market has been spared any flood of the semeasures has added a "risk premium" to long-term yields.

Following the opening this over the capital market is how over the capital market is how far interest rates can come down in France in line with dismingation without threatening through a commercial paper market. It is also proposing to open up considerably invest—ment in short-term Treasury handled a "risk premium" to long-term yields.

Following the opening this over the capital market is how over the salt market is how far interest rates can come down in France in line with dismingation without threatening three months to their lowest since July 1979.

Banks base rates, held at the likelihood of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of about 4 points since January 1983, compared with a fall in inflation part of The next cut in base rates,

Japan urged to ease rules on sovereign loans

By Peter Montagnon in Tokyo JAPANESE banks are pressing the country's Ministry of Finance to relax regulations on leading to countries which have rescheduled debts in the wake of this month's U.S. initiative on easing the debt crisis.

In particular they are seeking elimination of the 5 per cent reserve requirement which is mandatory on such lending until the rescheduled debt is repaid, or at least a change in rules that would make the requirement tax deductible.

Under the U.S. initiative, hanks worldwide have been asked to lend a further \$20bn to the main debtor countries over the next three years.

The initial response from the authorities here has been cautiously favourable, Mr Toyco Gychten, director general Finance Bureau, said he per-sonally favoured making the reserve requirement tax deductible, though this should be **Futures contracts flood Tokyo**

issue assuming a 6 per cent It is to offer options on a many rival options and futures coupon, and about 18 different Standard and Poor's index of contracts.

JAPAN'S new bond futures long-term bonds can be used for market ended its first two hours delivery. Chicago Mercantile Exchange is of business on Saturday with The December contract was introducing a futures contract market ended its first two hours of business on Saturday with more than 70,000 contracts traded, about seven times the most heavily traded, with the chicago Board of Trade total of Y7,067bn. It opened at Will launch futures on the same index, while the Chicago Board of Trade will launch futures on the Surface of Trade total of Y7,067bn. It opened at Will launch futures on the Surface on the Same index, while total of Y7,067bn. It opened at Will launch futures on the Surface on the Surface on the Surface on the Surface on the Chicago Board of Trade total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While have contracts and total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While have contracts and total of Y7,067bn. It opened at V102.0, having licence from the National Association of Securities Dealers. While have contracts and t

French Bond Market

market intervention

50 Issue Volume

that the Tokyo Stock Exchange asked securities companies to battle due to begin on Friday, regulatory approval, expected tell customers to reduce orders, between exchanges offering competing products based on interest of the work for the courtest of the work for the work for the courtest of the work for the work for the courtest of the work for the work for the courtest of the work for the work for the courtest of the work for the wo Y100m units of ten-year government bonds of a theoretical issue assuming a grant and a dices of U.S. over-the-counter options a day on an S and P index of 100 blue chip stocks.

Nicoll.

Sales and orders boost for Daimler

DAIMLER-BENZ, the West and improved orders in Europe

Dr Breitschwerdt said the DAIMLER-BENZ, the West and improved orders in Europe
German vehicle group which for the group's truck division. company expected a "very last week offered to acquire a Sales by the parent company decent" profit for the year.

Sales by the parent company decent" profit for the year.

Sales by the parent company decent" profit for the year.

In the nine months sales by 24 DM 27.1bn in the nine month period from DM 22.3bn. Parent dend to DM 12.50 a share for (\$14.5bn) from DM 20.6bn in company sales exclude those of 1985 from DM 10.50 in 1984.

AP-DI reports.

offset by an increase in the level of the requirement itself.

However, such a move is expected to meet resistance from the tax authorities,

The comparator period of 150-2. In earrospace concern Dornier of Breitschwerdt predicted and jet-engine producer that Daimler-Benz's car output Motoren-und Turbinen Union would rise to 540,000 units in Daimler's chairman sald the gain-in sales came amid a sharp increase in domestic car demand this year.

The seriespace concern Dornier of Breitschwerdt predicted and jet-engine producer that Daimler-Benz's car output Motoren-und Turbinen Union would rise to 540,000 units in Daimler acquired stakes earlier said production of tracks would stagnate at about 210,000 units. stagnate at about 210,000 units. | depressed

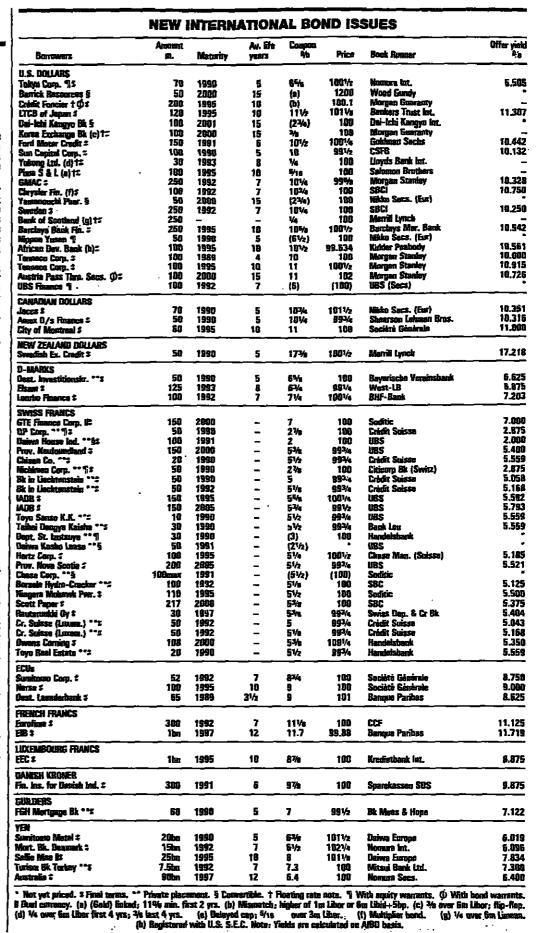
Wang optimistic after edging back to profit

By Terry Dodsworth in New York WANG LABORATORIES, the Massachusetts-based office equipment manufacturer hit by quarter, pulled back into profit in the first quarter of its current year and said that it was cautiously optimistic' about business prospects for 1986.

Net income for the three months to September 30 was \$7m. or 5 cents a share, against

\$51.2m, or 36 cents, a year ago. Sales reached \$561m against \$554m, and the company set a quarterly record for orders re-ceived, which rose by 16 per cent to \$699m. Orders were particularly strong in the U.S creasing by 44 per cent over the last quarter, it said. In the final quarter last time. Wang produced a net loss of

\$109m. This setback under-scored the slump in the U.S. computer market and reduced income for the fiscal year, ended June, to only \$15.5m. The company said that although cost-cutting action taken in the last half of fiscal 1985 had resulted in the resumption of profitable operations, profit margins remained



This announcement appears as a matter of record only

17th October, 1985

U.S.\$75,000,000



Swiss Volksbank Finance (Cayman Islands) Ltd.

> 61 per cent. Guaranteed Notes due 1990 with "A" and "B" Warrants attached to acquire 100,000 shares of Sfr. 500 par value each of, and unconditionally guaranteed by,

Swiss Volksbank

Issue Price 101 per cent.

Union Bank of Switzerland (Securities) Limited Credit Suisse First Boston Limited Commerzbank Aktiengesellschaft DG BANK - Dentsche Genoss Amro leternational Limited Kawait Foreign Trading Contracting & Investment Co. (S.A.K.) Orion Royal Bank Limited

Swiss Volkshauk Swiss Bank Corporation International Limited Deutsche Bank Capital Markets Limited Dresdner Bank Aktiengesellschaft Hill Samuel & Co. Limited Nomura International Limited S. G. Warburg & Co. Lid.

Arab Banking Corporation (ABC) Julius Baer International Limited Banca del Gottardo Banca della S Bank für Gemeinwirtschaft Aktiengesellschaft Bank Leu International Ltd Banque Générale du Luxembourg S.A. Banque Bruxelles Lambert S.A. Banque Internationale à Luxembourg S.A. Baring Brothers & Co., Ltd Bayerische Vereinsbank Aktiengesellschaft B.S.C. Capital Markets Group Bayerische Landesbank Girozentrale Berliner Handels- und Frankfurter Bank nie de Banque et d'investi Genossenschaftliche Zentralbank AG - Vienna Girozentrale und Bank der österreichischen Sparka Groupement Privé Genevois S.A. Panama Handelsbank N.W. (Overseas) Limited Knwait International Investment Co. s.a.k. Liechtensteinische Landesbank Lloyds Merchant Bank Limited Merck, Finck & Co. Morgan Grenfell & Co. Limited Nederlandsche Middenstandsbank nv Norddeutsche Landesbank Girozentrale Paribas Capital Markets Pierson, Heldring & Pierson N.V. Nordinanz-Bank Zürich Private Bank and Trust Company J. Henry Schroder Wage & Co. Limited rische Hypotheken- und Handelsb Vereins- und Westbank Akgiengese

This announcement appears as a matter of record only

New is:



16th October, 1985

U.S.\$150,000,000

European Investment Bank

104 per cent. Notes due 1992

Issue Price 1001/s per cent.

Union Bank of Switzerland (Securities) Limited

Amro International Limited Bank Leu International Ltd

Bauca Commerciale Italiana Bankers Trust International Limited

Banque Bruxelles Lambert S.A. Crédit Lyonnais

Chase Manhattan Capital Markets Group Credit Suisse First Boston Limited

Daiwa Europe Limited Genossenschaftliche Zentralbank AG-Vienna Istituto Bancario San Paolo di Torino

Generale Bank **IBJ International Limited**

Merrill Lynch Capital Markets

Kuwait International Investment Co. s.a.k. Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd. Orion Royal Bank Limited

Nomura International Limited Shearson Lehman Brothers International

Société Générale Swiss Volksbank

Swiss Bank Corporation International Limited S.G. Warburg & Co. Ltd.

Clayform four-point plan in bid for Owen Owen

Clayform Properties, which is making a contested £40m take-over bid for Owen Owen, the Liverpool-based department store business, launched an attack at the weekend on what it called the group's "woeful record of zigzag earnings per share." In its formal offer document to

shareholders, Clayform promised a four-point plan of action to "invigorate" Owen Owen's trad-ing activities. It said it would: Redevelop certain stores, prefunding the projects with insti-tutional investors. Where

tutional investors. Where appropriate, Owen Owen stores would be retained in the new ■ Retain other stores substan-

tially in their present form and use strong management to revitalise trading. Sell properties with no viable

Integrate with Owen Owen's retail operations the Clayform subsidiary Schofield's, a Yorkshire-based department stores group acquired last December. Clayform said that in the first six months of this year, Scho-field's achieved pre-tax profits of £463,000 against none in the **BOARD MEETINGS**

Interime:—Abbey Life, Barlows, Best-wood, Highland Distilleries, IBL, More O'Farrell, Wettern Bruthers. Finals:—High-Point Services, Mark-FUTURE DATES

USM listing only six months ago. is offering one of its own shares and 200p in cash for each Owen Owen. That is worth about 440p a share on the basis of Clay-form's Friday closing price of

form's Friday closing price of 240p.

However, Owen Owen shares closed on Friday well above that, at 490p, partly on speculation that Burton Group, the retailing group which recently acquired the Debenhams department store chain, might put in a rival bid. Clayform said that its offer compared well with the 245p price of Owen Owen shares at the start of August, just before it bought an 11.6 per cent stake in the company.

Clayform said it considered that the trading approach taken by Owen Owen had been outdated for many years. Sales per square foot, profits per employee and returns on capital were all unacceptably low, particularly when compared with other retailing or the sale.

It said that "due to Owen Owen's present inadequate returns," the acquisition would necessarily involve some short-term dilution of Clayform's earnings per share. But it was confident Owen Owen could, in due course, make a significant contribution to the enlarged group.

Scottish Metro down slightly

professional bodies.

Authorised

£,250,000

August 15 1985 of £6.73m, compared with £6.77m. Gross rents receivable were over £1m higher et £8.73m against £7.66m. at 53.73m against 57.86m.
After tax of £2.48m (£2.77m)
earnings per 20p share are given
as 4.38p (4.13p) while the final
dividend is lifted to 2.3p (2:15p)

taking the total payment to 4pt compared with 3.75p. Net asset value per share was 112p at the year end, against 110p.

Pre-tax figure was after higher interest payable of £1.16m, compared with £631.511, and included income, down from £1.05m to £577.524. The allocation to the staff share ownership scheme amounted to £12.834.

This advertisement is issued in compliance with the Regulations of the Council of the Stock Exchange.

Shandwick plc

(Incorporated in England under the Companies Act 1985, Registered Number 1952992)

Shandwick plc is the holding company of a group of three operating subsidiaries based in London which together constitute the third largest public relations group owned and operating in the United Kingdom. Shandwick invoiced more than 150 different clients in respect of the year to July 1985-these clients cover a broad range from consumer goods manu-

facturers and industrial companies to financial institutions and

SHARE CAPITAL

ordinary shares of 2p each

In connection with the placing of 1,200,000 ordinary shares

of 2p each at 175p per share by Morgan Grenfell & Co. Limited,

application has been made to the Council of The Stock

Exchange for the grant of permission to deal in the whole of the

issued share capital of Shandwick plc in the Unlisted Securities

Market. A proportion of the shares being placed will be made

available to the public through the market during business hours

today. It is emphasised that no application has been made for

Extel Unlisted Securities Market Service and copies of the

Prospectus may be obtained during normal business hours

(Saturdays and public holidays excepted) up to and including

21st October 1985

The state of the s

Particulars relating to the company are available in the

the leasing subsidiary during the year gave rise to a write-back of deferred tax, which, after deduct-ing the costs of disposal, amounted to £437,768. This was treated as an extraordinary item an added to the group's net book

Jayplant profits up and trend continues

Despite a fall in turnover from Despite a fall in turnover from E1.51m to £1.34m, pre-tax profits of Jayplant, plant hire contractor quoted on the USM, rose to £50.187 for the year ended May 31, 1985, compared with £39.116 previously.

The directors say that the satisfactory trend in profits continues. The depots of Shellersh located at Bristol and

beach, located at Bristol and Yaxley, Peterborough, have now been closed and the savings attributable are reflected in the

sue every possible means of dis-posal of the freehold property at posal of the freehold property at Yaxley in order to further reduce group borrowings and interest charges.

making operation of the Shelbeach depots should result in an improved profit performance during the coming financial year, there aid.

during the coming financial year, they add.

Pre-text figure for the year comprised the profits of £115,032 from the main hire business, non-recurring losses on closed depots of £59,351, property losses of £3,073, and parent company overheads of £2,421.

After tex of £492 (£7,501 credit) earnings her share are given as

earnings per share are given as 1.4016p (1.3232p) 14016p (1.3232p)
The directors point out that results for the six months to November 30, 1984, which showed profits of £86,000, did not take into account certain items of expenditure which had to be written off to be written off

FT Share Information The following securities have been added to the Share Information Service: Ericsson (L.M.) Telefonaktiebolaget) (Section: Electricals) Israel (Jack L.) (Food, Groceries etc.)

Issued and being

issued fully paid

₹,84,800

ROWE & PITMAN

1 Finsbury Avenue London EC2M 2PA

Top board changes as Pavion profits advance to £1.7m

Prosucial Times Saminal October 18, 1800

of the company's recent change of identity, is stepping down as deputy chairman and selling a substantial part of his share-

Pavion until June as Sangers — coupled the news of these and other boardroom shareholding changes with results for the first half to Angust 31, showing pre-tax and Pavion's vendors would profits up to £1.72m on turnover receive 8.764m shares and \$2.33m of £26.7m, against £228,000 in the same period of last year on sales of £16.89m.

The Pavion vendors are selling the shares, leaving M.

the same period of last year on sales of £16.89m.

The increase was attributable largely to a first time contribution from Pavion—a U.S. manufacturer of down-market cosmetics, marketed under the Wet'n Wild brand name. This was acquired for \$24m (£21m) by Sangers in January in an unusual deal that included a nine-for-eight rights issue, the sale of £9m of convertible loan stock and a \$350,000 salary for Mr Stanley Acker, Pavion's principal shareholder.

The deal with Pavion was largely the brainchild of Mr Whyte, who assumed in 1982 responsibility for changing the profile of the then loss-making Sangers group, whose main interest at the time was photographic wholesaling.

graphic wholesaling.
Pavion said Mr Whyte considered he had now fulfilled his role and leaving the board would give him more time to devote to his other interests.

A 200 of 25p (0.4p) when fully diluted by loan stock conversion.

Professor Smith said the cosmetics business had exceeded expectations and continued to grow through the acquisition of the continued to grow through the continued to grow throug

PROFESSOR Roland Smith, chairman of the stores group House of Fraser, has been appointed non-executive chairman of Pavion International, the USM a non-executive drector of quoted cosmetics group. Mr Tom Whyte, the Bermuda-based financier and leading architect a financier and leading architect a SMCTesdy, vice president Professor Smith, who became a non-executive drector of Pavion in August, replaces Mr John Briggs, who will remain as John Briggs, who will remain as a non-executive director. Mr. A. S. McCready, vice president (sales) for Pavion, has also joined the board. Mr. P. B. Saul, a specialist in company reconstruction, is leaving the board. Pavion also announced that a deferred consideration for the purchase of the cosmetics company—dependent on its prufits record—had become payable and Pavion's vendors would receive 8.764m shares and \$2.33m

4.3m of these shares, leaving M Acker with 9.9 per cent of th company. Kleinwort Benson i Pavion's existing shareholders and loan stock holders the opportunity to buy 6.7m of them at a price of 60p a share, compared to Pavion's closing price on Friday of 74p.

The offer is one share for every nine held and five shares for every £18 of loan stock.

Pavion's vendors have been given an option to buy a further 1.887m of the shares at a price of 100p any time up to November 13 1987.

The first-half figures showed earnings per share of 3.1p (0.4p), or 2.5p (0.4p) when fully diluted by loan stock conversion.

to his other interests.

He is selling some 4.3m of his shares. This will reduce his stake from about 22 per cent to 12.3 per cent. The total will due to the poor British summer.

Ealing Electro Optics offering 57% at 95p

The prospectus is published today for an offer for sale of shares in Ealing Electro Optics, which is being brought to the USM- by J. Henry Schroder Wagg & Co. The company, which makes optical and electro optical equipment is relied at the Sp.

about £2.6m will be new money for the company.

Ealing Electro-Optics was founded in the 1860s as a manu-facturer of microscopes. In 1968

and industrial use in the U.S. and the UK. Prices range from about £20 to about £65,000, and about two-thirds of sales by value are manufactured by the group in Watford.

Over the past five years, turn-over has grown steadily from £2.6m in 1980 to £5.4m in 1984. After losses in the first two years, profits reached £908,000 in 1983, although last year they were slightly lower at £865,000. The company is forecasting profits for the current year of £1.2m, on which basis the shares are being

which basis the shares are being offered on a price-earnings multiple of 10. The dividend yield is 3.3 per cent.

Application lists open on October 24 and dealings are expected to start on October 31.

Share Stakes

CHANGES IN company share stakes announced over the past week include:

week include:

Astra Industrial Group—
Director Mr W. E. M. Clegg, on September 25 purchased 75,000 ordinary shares at 7½p.

Associated Dalries Group—
Director Mr D. Drew acquired 17,777 ordinary shares under the company's executive share option scheme at 58,063p and now holds 69,372 shares (0.0061 per cent). Director Mr E. Binns disposed of 50,000 ordinary for himself and 50,000 ordinary for himself at 140p and he now holds 27,017 shares and his wife 25,950 shares.

comment

Ealing Electro-Optics is a curious mixture of high — and low — technology. It operates in the decidedly high-tech area where optics and electronics meet, and Wagg & Co. The company,
makes optical and electro optical
equipment is valued at the 95p
offer price at £9.5m.

The offer represents about 57
per cent of the equity, and will
raise a total of £5.5m of which
shout £2.6m will be new money

about £2.6m will be new money

about £2.6m will be new money

wear to the next. It emphasises

rather than refor the company.

Ealing Electro-Optics was founded in the 1880s as a manufacturer of microscopes. In 1968 it was acquired by the Ealing Corporation, a privately-owned U.S. company which, following the offer, will own 43 per cent of the shares.

The company, which employs 171 people, designs, makes and markets a wide range of optical equipment mainly for research and industrial use in the U.S. and the U.K. Prices range from about £20 to about £65,000, and search-oriented companies lack. However, the track is patchy at best, and requires some lengthy explanation. Luckily, such is to hand: the present bright young team of MBAs were not brought in until 1981, when they turned the company round quickly. Moreover, the downturn last year reflects mainly the buoyancy of the previous year buoyancy of the previous year and should not cause undue concern. Modestly priced on a prospective p/e of 10.

> US\$250,000,000 SECURITY PACIFIC CORPORATION **Floating Rate Subordinated** Capital Notes due 1997

Noteholders are advised that for the interest period from August 21 to November 20, 1985 inclusive, the sum of US\$212.40 will be payable on the interest payment date. November 21, 1985, per US\$10,000 Principal Amount of

The Chase Manhattan Bank, N.A. London, Agent Bank

Granville & Co. Limited

8 Lovat Lane London EC3R 8BP

Over-the-Counter Market Change Gross Yield

	4,475							taxad
	4.4 <i>/</i> 3	Ass. Brit. Ind. Ord	131	_	6.6	5.0	7.3	8.7
	-	Ass. Bnt. Ind. CULS	137		10.0	7.3		_
	3,242	Alreprung Group	56	+1	6,4	11.4	9.3	12.2
-	1.125	Armitage and Rhodes	45	_	4.3	9.6	5.6	6.7
4	1.889	Bardon Hill	160	+3	4.0	2.5	20.3	21.0
	3,135	Bray Technologies	67xd	-3	3.9	5.8	7.0	8.0
	543	CCL Ordinary	155	_	12.0	7.7	3.8	3.5
	1,300	CCL 11pc Conv. Pf	104	_	15.7	15.1	-	_
•	7,560	Carborundum Ord	126xd	-1	4.8	3.9	6.2	9.8
	844	Carborundum 7.5ec Pt.	92	-	10.7	11.6		_
	4.070	Deborah Services	52xd	+2	7.0	13.7	5.3	7.0
	2,061	Frank Horsell	660	+5	1.4	0.2	15.3	20.6
•		Frank Horsell Pr.Ord.87	529	+5	11.9	2.2	12.5	16.5
:	3.034	Frederick Parket	21	_	_	_	_	_
	1.458	George Blair	79	_	_	_	3,2	5.9
	1,787	Ind. Precision Castings	44	+3	3.0	6.8	11.6	9.7
1	5,136	Isis Group	190		16.0	7.9	14.6	21.8
•	5,512	Jackson Group	105	-2	5.6	5.2		7.1
3	4,944	James Burrough	252	+4	15.0	6.0		7.9
	3.224	James Burrough Spc Pf.	94	_	12.9	13.7		
	9.065	John Howard and Co.	87	_	5.0	5.7		10.9
	3,240	Linguaphone Ord	180	_	_	_	6.5	6.9
	_	Linguisphone 10.5pc Pf.	90	_	15.0	16.7		_
1	6,365	Minihouse Holding NV	570	_	6.9	1.2		23.7
	806	Robert Jenkins	79	-1	_	_	10.3	22.6
	1,260	Scruttons "A"	31	_	-	_	_	7.9
	1,660	Torday and Carlisle	68	_	5.0	7.4	3.4	6.2
	1,473	Trevian Holdings	320	_	4.3	1.3		17.9
	5.495	Undock Holdings	35	+2	21	6.4		9.3
	4,101	Waiter Alexander	110	_	8.8	7.7		7.6
	4,714	W. S. Yeates	202	+2	17.4	8.6		9.9

Prices and details of services now available on Prestel, page 48146

EQUITIES

Jeeus - price -	Amount paid up	Benung.	19 High	85 Low	Stock	Costng	+ 01	語	T. Mes	
95 185 90 126 126 130 130 130 130 130 130 130 130 130 100	F.P. F.P. F.P. F.P.	9/10 1/11 5/11 8/11 1/11 50/10 8/11 8/11 15/11 25/10	7 3 148 105 135 196 110 98 63 87 184 100	6 3 117 95 130 91 70 104 78 50 43 166 95 343	AMS Inda. 5p. Bardsey Pril. Ord. 90. werrants. Sritoli 10p. 4Golorges Inc. 30,01 4G.P.N. 5p. 4G.P.N. 5p. 4Electronic Data 5p. 5privier 10p. 4 InfraRad 3G.16 4 Just Rubber 10p. 4 Kewill Systems 5p. Nat. Home Loans 75p. 4 Questel 10p. 3R. Live's 10p. 3R. Live's 10p. 3R. Live's 20p. 3R. Wyrnts.	127 157 157 92 76 110 90 59 46 180	-1 +8 +2	115.0 591.5 591.5 591.5 591.0 61.74 91.8	10 17 50 50	100 PEST 100 PUT

FIXED INTEREST STOCKS

ts d	issue price £	Amount paid up	Latest Renumo. date	19 High	Low	Stock	Clocking
e Light to the training and	196,324 197,617 88,466 1100	£30 NIII £85 £10 £40 £25 F.P. £30 F.P.	17/1 27/1 27/1 5/12 51/1 24/1 15/11	1001s	274 10pm 256 106 403 253 1003 298 841 475 996	Australia 9-22 Ln. 2012. Sank of Greece 10-42 Ln. 2010. Sank of Greece 10-42 Ln. 2010. Srit. Benzot 135 Conv. Uns. Ls. 1985. Brixten Est. 10-42 lst. Mort Deb. 252. Est. & Gen. Inv. 11 42 15 Mort. Deb. 252. Est. & Gen. Inv. 11 42 15 Mort. Deb. 2014. Evans of Leeds 125 jst. Mort. Deb. 2014. Harnston Tst. 1145 lst Mitg Deb 2014. Instit. Sk. for Rec. & Dev. 9-32 Ln. 2010. Pallemory Comp. 7. % Conv. R.P. 1994.6. Nat. Horns Loans 25, Chy. Uns. Ls. 2014. Rationwide 11 m 2 Eds. 159-268. Do. 1182 Eds. 2010/86. Pittard 9-182 Cut. Pref.	20 14 B 0 B 14 0 B

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	Tenue 375 Renu		Latest Renunc.	196	5 [Stock	oaling Arice	
:	Piroc	₹₫.		High	Low		9-	
	DM (84 11 56 48 85 60 165 210 5 10 225	F.P. F.P. NII F.P. NII F.P. NII F.P.	22/11 6/11 22/11 30/10 12/11 6/12	90pm 1134 11pm 65 125 22pm 217 260 12pm 11 78	104 8pm 57 105 15pm 180 348 3pm 104	(BASP A.G. DM 50 Blacks Leisure 10p Brassey 10p Brassey 10p Gray Site Estates Growther (4) ORG Emess Lighting Howard & Wyndham 5p Phiumberside Elect. 20p. ML Hidgs ok see Blacks Leisure.	11pm 61 125 16pm 217	子1111年11年1
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Renunciation date usually last day for dealing free of stamp duty. 5 Region based on prospectus estimates, g Assumed dividend and yield, a Foretas dividend cover based on pravious year's earnings. p Feed otherwise indicated. I issued by tender. [Offered holders of orificial stated in connection with reorganisation merger or takewer. § Reintroduction is a connection with reorganisation merger or takewer. § Reintroduction. § Unitated Securities Market. § Flatte price. If Dealt in under Rule 535 (4) (e).

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus') have been officially notified. Dividends to be declared.

not necessaril	y be at the	amounts	in the	col	umn 1
Date	Announce- ment lest	٠.	9)ate	Annou
n HumeOct 30	Interim 2.25	filanis Queena	wayQ	- - 22	
SmithersNov 20		Heath (C. Henderson	E.)No	w 20 :t 30	Interim Interim
rnetionalNov 12	interim 2.2	Hepworth Hunting			
rit FoodsNov 5	Interim 1.7	Git Ind Signa	paonNo		
SankNov 18	Finel 15c Final 1.8	Kwik Ser LRC Intl	veNo	v 15	
of irelandNov 15	Interim 5.5	Land	itiesNo		Interim
nd Comwith	Interim 2.2	*London &n Non	id hem,∴Od	at 23	Interior
ShippingOct 24 nNov 13	Interim 1,8 Final 4.5	*Luces in *Marks and	1		Final 6
erhouse J. staschildNov 23	Interim 1.5 Interim due	*Metel Box	<i>псет</i> Ос :No		jusenim Jusenim
ideNov 13	Final nil		mNo		ioterim
BrosNov 14 RusNov 12	Interim 8.25	Reed Inti Sainbaury			minera (
ponentsOct 30	Interim 1.6 Interim 1.5	Samuel Pr		t 23	Interim Final 4
son ndustrieiNov 12		Skatchley Smiths in	dsNo	v 14	Interior Final 9
efuelijngOct 30		Valor	No	v 15	interim Interim
Mar Hay 99	January 4 Kie	Wedgwood	NQ	¥ Z3	Interim

Kingdom of Spain

Floating Rate Notes Due 2005

Holders of Notes of the above issue are hereby notified that for the second interest Sub-period from 21 st October, 1985 to 21 st November, 1985 the following will apply: 1. Interest Payment Date: 20th March, 1986

2. Rate of Interest for Sub-period: 3. Interest Amount payable for Sub-period:

8%% per annum per US\$ 10,000 nominal US\$ 1,802.95 per US\$ 250,000 nominal

4. Accumulated Interest Amount payable:

US\$ 145.31 per US\$ 10,000 nominal

per US\$ 250,000 nominal Next interest Sub-period will be from 21st November, 1985 to 23rd December, 1985. Bank of America International Limited

Co-operative Bank p.l.C.
(Incorporated in England under the Companies Acts 1948 to 1980)

£75,000,000

Subordinated Floating Rate Notes 2000

Holders of Floating Rate Notes of the above issue are.

hereby notified that for the interest period from 18th. October, 1985 to 20th January, 1986 the following information will apply:

 Rate of interest: 1111/16% per annum

2. Interest Amount payable on Interest Payment Date: £150.50

Per£5,000 nominal or £1,504.97 Per£50,000 nominal

3. Interest Payment 20th January, 1986 Agent Bank Bank of America International Limited

FINANCIAL TIMES STOCK INDICES

these securities to be admitted to listing.

MORGAN GRENFELL & CO. LIMITED

31 October, 1985 from:

New Issue Department

21 Austin Friars London EC2N 2HB

	Oct. 18	Oct.	Oot. 16	Oct. 15	Oct.	Oct.	19 High	85 Low	Since Co High	mpilatio
Government Socs.	84.57	84,33	84,20	84,20	84.15	84.14	84.57	78,08	187.4	49.18
Fixed Interest	90,28	90,22	90.06	90.06	89.91	90,09	20,28	88.17	150.4	50,53
Ordinary	1050.9	1045.5	1034.9	1023.9	1028,8	1027.5	1050,9	911.0	1050.9	49.4
Gold Mines	282,5	284,8	295.1	9,999	294.6	291.4	536,9	260.1	754.7	43.5
FT-Act All,Share,	652,75	650.21	645,86	643,00	643.71	642,75	652.75	581,88	652.75	61.92
FT-SE100		1336,7	1395.2	1320.9	1321,1	1322,3	1541,2	120ê.1	1342.4	986,9

Januari kanangan dan menggunakan penggunakan dan menggunakan dan penggunakan dan sebagai sebagai sebagai sebag

LADBROKE INDEX 1,047-1,051 (+14) Based on FT Index Tel: 91-427 4411

BUILD (01-486 1951) . NEC, Birmingham

CLIMA (01438 3964) Paris November 20-24 International Food and Beverage

November 25-28
Computer Aided Design and
Manufacturing Exhibition —
CADCAM (01-437 2175)

FT/Venture Economics Conference: Venture capital in 1985
— the _international outlook (01-621 1355) Geneva

Hotel Inter-Continental, Wi

General insurance companies—a practical approach to VAT plan-

November 26 Oyez IBC: UK onshore and off

shore oil and gas—rearrangement of Ilcence interests (01-236 4080) Portman Hotel, Wi

Information:

UK TRADE FAIRS AND EXHIBITIONS

Current
Motorfair '85 (01-439 0875) (until
October 27)
Cetober 27.25
International
Business Show
C01-405 6233) NEC, Birmingham
C01-405 6233

THE BURE

October 22-24
International Products, Services and Technology for Financis;
Houses — BANKING (021-705 Wembley Conference Centre November 5-7
Houses — BANKING (021-705 National Exhibition and Conference to Develop Profitable Exports (01-727 1929)
International Bike Show (01-385 1200) NEC, Birmingham October 29-November 1
Home Interiors Exhibition—
London (01-385 1200) Olympia International Furniture Show

Home Interiors Exhibition—
London (01-385 1200) Olympia International Furniture Show (021-780 4171) NEC Birmingham (021-780 4171) NEC BIRMING International Video and Com-OVERSEAS TRABE FAIRS

Current
The 1985 International Capital Maritime Trade Fair — EURO-Goods Trade Fair (Cleveland PORT (01437 2175) Amsterdam (218) 676 6000) (until October November 10-14
27) Cleveland, Ohlo Arab Home Furnishing and Consumer Goods Show (01-488 1051)

Current

International Videocommunica. November 12-17
Heating, Refrigerating and AirConditioning Exhibition—INTERtion Market Exhibition—VIDCOM (01-499 2317) (until October 24)

International Videotex Con-International Food and Beverage ference and Exhibition—VIDEO-TEX (01-868 4466) Amsterdam 2399) Hong Kong

October 23-21
International Clothing Textiles
Trade Fair—INTERSTOFF (01734 0543)

Frankfurt

November 24-28
International Hotel, Restaurant and Institutions Equipment Exhibition (021-705 6707)

Brussels

Petrochemicals Chemical and Plastics Industries Exhibition and Conference — PETCHEM-PLAST (01-486 3741) Al-Khebar

November 5-8
International Fair of Hydraulics,
Pneumatics, Industrial Robots
and Automation — AUTOMAT
ASIA (01-683 1158) Singapore

November 27-29
Energy Concepts for the Industry
Convention and Exhibition—
ENKON (01-930 7251)
Nurembers

BUSINESS AND MANAGEMENT CONFERENCES

1951)

October 21-22
FT Conderence: Electronic financial services (01-621 1355)
Hotel Inter-Continental, W1 4080)
Cafe Royal, W1
October 23-25
International Economic Relations: Opportunities for West European countries in trade with Czechoslovakia and Hungary (03-955 4854)
October 24

Nevember 7
Oyez IBC: The advertising agency of the future (01-236 Royal, W1
November 7-8
AECA: EEC/USA business development—the new opportunities (01-240 7725)
Amsterdam
November 12-13
FT/Venture Economics Con-October 24
Institute of Directors: How to increase your sales (01-839 1232)

116 Pall Mail, SW1 October 24-25 October 24-25
International Herald Tribune:
Oil and money in the eighties
(01-242 1242)
Royal Garden Hotel, W8
October 29-21
Rotology of the conference and exhibition (01-236 4080)
London Marriott Hotel, W1

October 29-31
SUBTECH '85 "Designing for November 18-19
Intervention" (01-222 8658)
Aberdeen Exhibition and cial benefits for industries world-cial (01-512 1355)

ENDS

Aberdeen Exhibition and Conference Centre Wide (01-612 1355)
Cooler 30
RIBA: Options in retirement housing (01-530 5533)
Hotel Inter-Continental, WI
November 20
Warketing Society Annual Conference (01-836 6801)
October 30-31
Grosvenor House, WI October 38-31
FT Conference: The third professional personal computer conference (01-621 1355)

Hatel WI

November 21-22
Euromoney Conferences: Conporate Finance Conference (61-

November 45 International Conference for the protection of people, products and property (0727 63213) Reyal Garden Hotel, W8 FT Conference: The SDL Eureka

Skinners' Hall, EC4

and Industry (01-621 1355)

PARLIAMENTARY DIARY

TODAY

Commons: Debate on industrial innovation and design on a motion for the adjournment. Second Reading of the Houssecond Reading of the Housing Sill, the Housing Association Bill, the Housing Consequential Provisions) Bill, and the Landlord and Tenant Bill. Proceedings on the Weights and Measures Bill. Private Business after 7 pm.

Lords: Insolvency Bill, consideration of Commons amendments in of Commons amendments in of Commons amendments in the UK. Wolfers in Motion of Commons amendments in of Commons a

Lords: Debate on the report of communities Communities Communities Communities on European Union (14th Report, 1984-85). Debate on the Report of the European Communities Committee on the reform of the Common Agricultural Policy (17th Report, 1984-85).

TOMORROW

Commons: Remaining stages of the European Communities (Finance) Bill. Motion on the Rate Support Grant (Scotland) (No 3) Order.

Lords: Administration of Justice Lords: Administration of Justice
Bill, consideration of Commons
amendments. Law Reform
(Miscellaneous Provisions)
Bill (Scotland), Third Reading, Oil and Pipelines Bill,
Third Reading, United Nations
(Namibla) Bill, Second Reading, Unstarred question on
whether HMG will take the
initiative inventes securing whether HMG will take the initiative towards securing securing international signature of the comprehensive ban on all nuclear tests as proposed in the preamble to the Non-Proliferation Treaty, and whether they will revitalise that treaty by discussing with the nuclear arms holding countries the substantial reduction of their nuclear arms.

with the nuclear arms holding countries the substantial reduction of their nuclear arms.

piles and Privileges of the inities and Privileges of

WEDNESDAY Commons: Opposition day — Commons: Debate on alter-subject of debate to be native sources of energy, on a announced. Motion on the motion for the adjournment of Nursing Homes and Nursing

Agencies (Northern Ireland) Order, and on the Parliamentary Constituencies (England) (Mis-rellaneous Changes) Order.

Lords: Insolvency Bill, considera

Select Committees: Trade and Industry—Subject: Tourism in the UK. Witnesses: Lord Young of Grafibam, Employment Secretary, and Mr David Trippier, MP, Employment Under Secretary (Room 16, 10.30 am). Scottish Affairs—Subject: The proposed closure of the Gartcosh rolling mill. Witness: British Steel Corporation (Room 19, 2 pm). Environment—Subject: Radioactive waste. Witnesses; Hon William Waldegrave, MP. Minister of State for the Environment, and officials (Room 20, 4.30 pm).

THURSDAY Commons: Debate on a motion to take note of the outstanding reports of the Public Accounts Committee to which the Govern-Committee to which the Government has replied. Motion on the European Communities (Definition of Treaties) (North Atlantic Salmon Conservation Organisation) Order, and the European Communities (Immunities and Privileges of the North Atlantic Salmon Conservation Organisation) Order.

Lords: Transport Bill, third reading.

FRIDAY Commons: Debate on alterthe House

CONSTRUCTION CONTRACTS

£10m awards for Kyle Stewart

Contracts worth almost £10m for tural steel frame building is due a superstore at Clapham Junction and luxury apartments in former Docklands warehouses, have been awarded to KYLE to form \$ Tiuxury apartments of STEWART. At Lavender Hill, apartment of Clapham Junction, work has Bovis Homes under a £im construction of a timber dockside wharf and 10.000 sq metres "developer's and 20th century warehouse units shell" superstore. The struc-

Mixed batch for Brims

BRIMS & CO has been awarded work valued at fim. At HM Prison Acklington in Northumberland work has commenced on a new cell block, a f2m contract placed by the Home Office and at Newcastle Airport Brims is to build a fim extension to the at Newcastle Airport Brims is to build a fim extension to the Terminal Building. Cleveland County Council has placed an order worth over £800,000 for the erection of a home at Hartle-pool for the elderly and physically handicapped. For Tyne & Wear County Council road improvements and environmental works are being undertaken at Blandford Street, Newcastle. In the South of England, Brims has been awarded contracts worth over £2.5m for the Army at Sandhur t Royal Military Academy and at HM naval bases near Portsmouth,

£7m Bristol development project

SIR ROBERT McALPINE & comprises more than 1900 metres single-storey steel portal framed SONS has been awarded two of dual carriageway macadam contracts totalling 17m by Prudential Assurance Company for work being carried out at Cribbs including mains drainage, the contract covers the infrastructure for a commercial/retail development on a 55-acre site. Work

Taylor Woodrow gains £6.9m orders

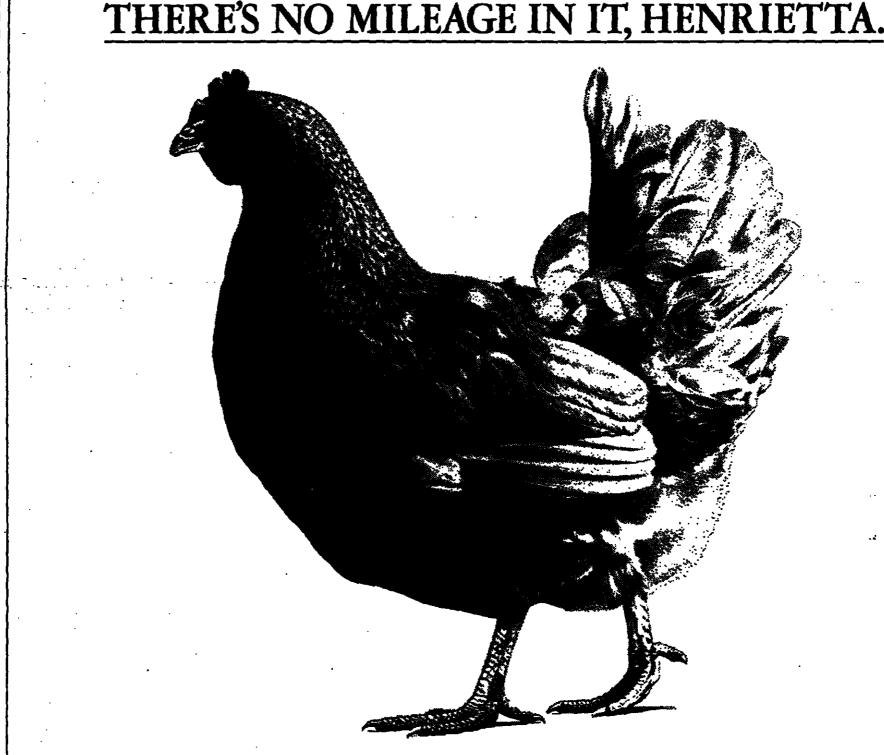
Contracts worth a total of £6.9m base been awarded to companies in the TAYLOR WOODROW GROUP. The largest, valued at £1.9m, has been placed by the National Biological Standards Board with Taylor Woodrow Construction for extra work on a new laboratories complex in the grounds of Clare Hail Hospital, South Mimms, Herts. The contract includes a blottechnology building, which is scheduled for completion in January, 1987.

Taylor Woodrow Construction has also won a £1.7m contract more said to take vessels up to 15,000 tonnes dwi in Holy to take vessels ing to provide offices and the construction of shops. The larger project, valued at £1.3m, is for the redevelopment of Burdett House, Buckingham Street, and bliddings, York Buildings, York Buildings, York Buildings, London, WC2, for the Royal National Pension Fund for Nurses. The other order, worth £1.27m. has received a £870,000 order from London Underground for Properties and is due for completion in August, 1986. Work as Borough Station, South Mimms, Herts. The contract includes a blottechnology building, which is scheduled for completion in June, 1987.

Taylor Woodrow Construction has also won a £1.7m contract worth said the redevelopment of Burdett House, Buckingham Street, and the redevelopment of Fund for Nurses. The other order, worth £1.1m, has been placed by CIN the as received a £870,000 order from London Underground for Properties and is due for completion in August, 1986. Work & CO (LEEDS) to construct boundary to the redevelopment of Burdett House, Buckingham Street, and the redevelopment of Burdett House, Buckingham Street, and the redevelopment of Burdett House, Buckingham Street, and the redevelopment of

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FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or final. The sub-divisions shown below are based mainly on last marginal timescale. year's timetable.

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Eggheads the world over are trying to come up with an alternative fuel to petrol.

Chicken-droppings have been mentioned in some quarters.

But at Shell we've pooh-poohed this idea. We're rather more refined, we prefer to get our raw materials from the bowels of the earth and the sea-bed.

And to concentrate our efforts on improving gasoline and diesel fuel.

To this end, we're devising ever more sophisticated ways to measure fuel efficiency.

We've built a computerised test-bed to see exactly what various blends of fuel and additives do to the inside of a car engine.

It's programmed to print out a report on up to 16 different engine variables at the same time.

We use it to test our fuels (and other peoples' but don't tell them) on engines ranging from the brand-new, to the clapped-

And even on engines that haven't yet seen the light of day. Before a new model leaves the factory, motor manufacturers often ask our research centre in Thornton, Cheshire to give its engine the once-over.

A while back, this led us to look into the effect more heat under the bonnet has on the components of petrol. As cars become more aerodynamic, radiator grills become smaller, and engines become hotter.

By keeping in touch with such developments, we can make sure that the design of our petrol keeps up with the design of the car.

Not that we've totally turned up our noses at new alternative fuels. We're experimenting with methanol from natural gas and alcohol blended with hydrocarbons.

Somehow, though, we don't think dear Henrietta will provide the answer.

If we rely on her for the fuel of the future. we might well put our foot in it.

YOU CAN BE SURE OF SHEL



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Financial Times Monday October 21 1988

The state of the Cotober 21 1985

| Cotober 21 1985 | Continued | Cotober 21 1985 | Financial Times Monday October 21 1985 INDUSTRIALS—Continued

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INTERNATIONAL APPOINTMENTS

Hebbering makes move from Horten to Karstadt

ING, the 44-year-old chief to Karstadt, where the mood is executive of Horten AG, the West German retail chain, is moving across to Karstadt, in a move which will significantly strengthen the top management Germany, and the enduring of Karstadt, the troubled store group, which is the largest in West Germany.

But these could well include — apart from Neckermann — the problem of NUR Touristic, Karstadt's travel agency division—which last mouth was refused permission by the Federal Cartel Office to merge with its opposite number at Kaufhof, the second well include — apart from Neckermann — the problem of NUR Touristic, Karstadt's travel agency division—which last mouth was refused permission by the Federal Cartel Office to merge with its opposite number at Kaufhof, the second

Karstadt last week that Herr the first six months of this year Hebbering, who is widely credited with having led the recovery at Horten, the German retailing subsidiary of Britain's BAT concern, will be making the short trip from Düsseldorf to Essen, where Karstadt is headquartered.

Herr Hebbering's job, which will be ratified by the Karstadt supervisory board next Monday, is as deputy chief executive, flanking Herr Walter Deuss, 51, the current chairman of Karstadt's managing board.
His appointment means a

Promotions at ITT Europe

York headquarters in 1964.

Mr Gambello has been direc-tor of industrial and employee relations, ITT Europe. Prior to joining the Brussels staff in 1975, he held various staff positions in personnel and industrial relations in the New York headquarters, responsible for Latin America and ITT divisions in North America.

COLUMBIA PICTURES Industries named Mr Peter S. Sealey, the former marketing executive of its parent, Coca-Cola Com-pany, as president of the movie studio's U.S. marketing and distribution group, reports AP-DJ from New York.

Mr Sealey had transferred to the Columbia from his post as

The third member of the main challenge in the coming manager of Coca-Cola's world new management team will be main challenge in the coming manager of coca-Cola's world new management team will be main challenge in the coming main challenge in the coming the main challenge in the coming main challenge in the coming main challenge in the coming the main challenge in the coming main challenge in the challenge Mr Sealey had transferred to

West Germany.

After several weeks of speculation, confirmation came from

group profits plummetted to largest German store concern.

DM 23.9m (59m) in 1984, from
DM 30.4m the year before. In the meantime, Herr Deuss

is under pressure from bis

sales slipped 4 per cent, to DM 4.05bn. All this, not surprisingly, has led to speculation that Herr Hebbering, with his reputation as a determined and effective cost-cutter, may be poised to take over the reins from Herr Deuss, should Karstadt's fortunes not show an improve-ment soon.

For the time being, Karstadt is saying only that Herr Hebbering will be in charge of textile purchasing and

HERR BERND HEBBER- return after a 12-year interval assignments." But these could

is under pressure from his shareholders to straighten things out—as an angry annual meeting in Essen last July showed all too clearly. Between 1977 and 1984, Neckermann piled up losses of DM 460m, and Herr Deuss has provided no prediction of when the company might return to the black.

Instead he has promised, and set in motion, a radical over-haul of Karstadt's operation, aimed at sprucing up its some-"other stock and sales-related alising its sales lines.

Clarke goes ahead in reshuffle at PG&E

at the end of April. This supplying 3.7m electricity cusappointment is the most importance of several management changes announced by the San Francisco-based. changes announced by the San Francisco-based utility last week.

that job, until he assumes the chief executive's role next spring, at which time he will hand over to Mr George A. Maneatis, aged 58, who is currently executive vice president of \$8.5bn and net income of \$8.5bn and net in

man on May 1. Mr Skinner is its \$5.6bn Diable Canyon currently chief financial nuclear power project.

DR RONALD E. CASEY and Mr Michael F. Gambello have been elected vice-presidents of the diversified U.S. telecommunications group.

Dr Casey retains his present reshuffle of the top of America's biggest gas and electric utility.

MR RICHARD A. CLARKE is to take over as chairman and first executive of Pacific Gas and Electric (PG and E), as part of a major management reshuffle of the top of America's biggest gas and electric utility in 1969, and became assistant general counsel in 1974. Since 1982, he has been Mr Clarke, a 55-year-old 1974. Since 1982, he has been lawyer, will succeed Mr general manager of PG and E's Frederick W. Mielke, the pre-utility operations, and has had

> changes announced by the San
> Francisco-based utility last
> week.
>
> Mr Maneatis joined the company in 1953, after graduating
> in electrical engineering at
> Stanford University. Mr the company's president retires Skinner, an economics graduate at the end of this month and who hails from Arkansas, Mr Clarke will temporarily take joined the company in 1964. He was appointed treasurer ten

for facilities and resources \$1.00n. The group earned development. \$2.71 per share and paid divi-

Lead job at O&Y for Cohen

rinanciai Times Saintal October 19 1990

By Bernard Simon in Toronto

MR MARSHALL COHEN, until recently the most senior civil servant in Canada's Department of Finance, has been appointed president and chief operating officer of Olympia and New York Enterprises, a subsidiary of Olympia and York, the Toronto-based property development group. O and Y Enterprises has been formed as a holding company overseeing the energy

group Gulf Canada, which O and Y acquired two months ago. In a reorganisation subsequent to the takeover, Gulf bought the controlling interbought the controlling infer-est in the newsprint and forest products company Abitibi-Price previously held directly by 0 and Y. 0 and Y Enterprises controls assets of around C86m (US\$5.8bm). Mr Cohen, aged 50, was one of Ottawa's most respected and influential civil corrected

and influential civil servants during his three-year tenure as Deputy Minister of Finance and, previously as Deputy Minister of Energy. He practised as a tax lawyer in Toronto before joining the Civil Service in 1970.

He gave a rare interview to Toronto newspaper this eek, stressing that he played no part as Deputy Min-ister of Finance in Govern-ment decisions relating to 0 and Ys acquisition of Gulf and Y's acquisition of Juniform Chevron Corporation of San Francisco. The Government involvement included a controversial tax ruling in favour of Gulf Canada.

Mr Cohen said he had turned away approaches from some of Canada's large banks, preferring to work for O and Y because: "I wanted a more entrepreneurial experience." O and Y is a private company controlled by the Reichmann family.

Burroughs NZ post

By Dai Hayward in Wellington Mr BRIAN CLARK has been appointed general manager of Burroughs New Zealand, the offshoot of the U.S. business equipment concern.

For the past two years, Mr Clark has been in Burroughs' headquarters at Detroit, responsible for the Americas/ Pacific region.
Mr Clark, a New Zealander,

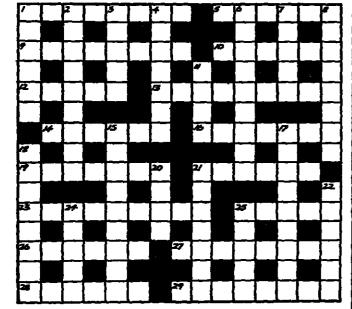
has been with the company

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F.T. CROSSWORD PUZZLE No. 5,852



- **ACROSS**
- 1 Gamble on mine product, for example (8)
 5 Conversion is done by
- 9 It's your go (8) 10 Girl carries on in Juliet's
- place (6) 12 Approaches a saner distribution (5)
- 13 Resort of rash Scots (9)
 14 Artless member trapped in web of lies (6) 16 Its quarters are hardly spot-
- less (7)
 19 One way to keep the dirt down (5, 2) 21 Nigel's one and only compo-
- sition (6) 23 Poor relations living in China, for example (9) 25 Lift up beams, we hear (5)
- 26 A revolutionary wall-painting that sounds a warning 21 Support us in shame (7) note (6) 27 Recollected and telephoned
- somebody (6, 2)
 28 Sex and art production films may use them (6)
- 29 Agitated prude and the kind of statue that agitates him
- 1 He's learned to keep a vehicle in the street (6)

- 2 Return to the country, the scene of the crime (9) 3 Does nothing to correct the slide (5)
- 4 Give one the right name? 6 Rebuke don from top to toe
- (5, 4)7 Part of it turns to ice, a good bearer (5) \$ Edge to the left when travel-
- ling in Britain (44) 11 Smoking brotherhood (4) 15 Revised plan in use for a
- land project (9) 17 Everyone bound to be properly organised (3, 4, 2)
- 18 Royalty's own touch of honour (8) 20 Freedom of movement or the stage (4)
- 22 Barked shrilly or deeply when disturbed (6) 24 It holds Peter up as unsuit-
- able (5) 25 A master of many subjects

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK

The Bank of England announces that Her Majesty's Treasury has created on 18th October 1985, and has issued to the Bank, additional amounts as indicated of each of the Stock listed

£200 million 91/2 per cent. TREASURY LOAM, 1999 \$400 million 91/2 per cent. CONVERSION STOCK 2005

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 18th October 1985 as certified by the Government Broker.

In addition, Her Majesty's Treasury has created on 18th October 1985, and has issued to the National Debt Commissioners for public funds under their management, an additional amount of £100 million of 11 per cent Exchequer

In each case, the amount issued on 18th October 1885 represents a further tranche of the relevant Stock, ranking in all respects peri passa with that Stock and subject to the terms and conditions of its prospectus (save as to the particulars therein which related solely to the initial sale of the Stock), and subject also to the provision contained in the final paragraph of this notice; the current provisions for Capital Gains Tax are described below. Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List. Copies of the prospectus for 9f per cent Treasury Loan, 1999

dated 12th January 1973 and of the prospectus dated 27th April 1984 for 9½ per cent Treasury Convertible Stock, 1989 (which contained the terms of issue of 9½ per cent Conversion Stock, 2005) may be obtained at the Bank of England, New Issues, Walling Street, London EC4M 9AA. The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Redemption date

9} per cent 15th January Treasury Loan, 1999 15th July 15th January 1999 91 per cent 18th April Conversion Stock, 2005 18th April 2005 18th October

Each further tranche of stock issued on 18th October 1985 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock. Official dealings in the Stocks on The Stock Exchange are expected to commence on Monday, 21st October 1985.

Each of the Stocks referred to in this notice is specified under paragraph I of Schedule 2 to the Capital Gains Tax Act 1879 as a gilt-edged security (under current legislation exempt from tax on capital gains on disposals made on or after 2nd July 1988, irrespective of the period for which the Stock is held).

Attention is drawn to the statement issued by Her Maleste's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, these further tranches of stock are issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

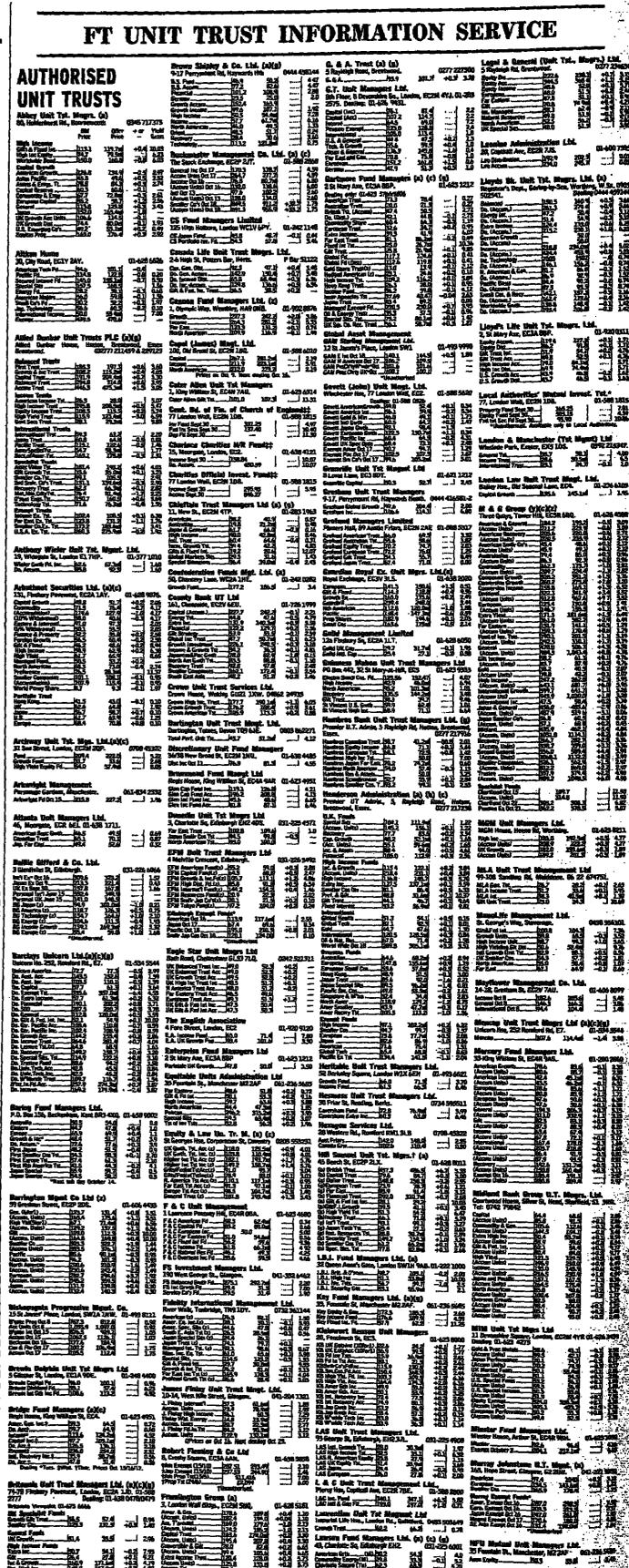
BANK OF ENGLAND

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After the final curtain, all the world's a stage. Now that the Financial Times is printed in the U.S. you can get the neaf day's edition well before midnight in New York's theatre district. At many newsstands or from one of our unabashedly pink dispensers. It makes a grand finale to an evening on the town, Urbanc, astuc, well-informed and insightful, the FT is splendid company over a nightcap. And not just for its illuminating discourse on affairs of high finance and business. The FT is nothing if not well-rounded. Each day there are reviews, commentary and observations on artistic and cultural events. And the Arts Guide tells you what's taking place when-in major cities in scores of different countries. Yes, all the world is a stage to FT. Don't miss a performance, Monday through Saturday! For a personal subscription call the Financial Times direct from 9am to 6pm New York time: 212-752-4500. FINANCIAL TIMES Because we live in financial times.	192.5 AMP			

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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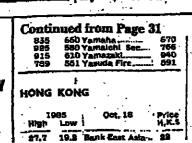
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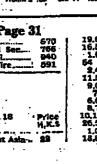
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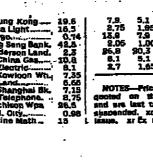
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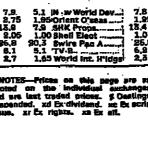
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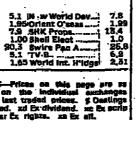












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the latest declaration.

a-dividend also extra(s), b-annual rate of dividend plus stock dividend, o-Equidaing dividend, old-called,-new yearly tow, a-dividend o-Equidaing dividend, old-called,-new yearly tow, a-dividend in Caractien funds, subject to 15% non-neidence tax, i-dividend in Caractien future, subject to 15% non-neidence tax, i-dividend declared star spil-up or stock dividend. J-dividend peld this year, or paction taken at latest cividend meeting, k-dividend declared or paid this year, an accumulative issue with dividends in arrears, n-new issue in the past 52 weeks. The high-low range begins with the start of trading, nd-near day dishlary, P/E-prica-earnings ratio, r-dividend for trading, nd-near declared or paid in proceding 12 months, spil took dividend, a-stock spilt. Dividents begins with date of spilt, stassales, a-dividend paid in stock in proceding 12 months, spil mated cash value or aw-dividend or ex-distribution date, unnew yearly high, v-trading haited, wi-in benitruptcy or receivership or being reorganized under the Barkruptcy Act, or sectifica assumed by such obspipaties, wi-distributed, wi-when issued, www-with warrants, w-co-dividend or ex-rights, science-distribution, xw-without warrants, y-ex-dividend and sales in tull, yti-yield, x-sales in tull.

CURRENCIES, MONEY and CAPITAL MARKETS

Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa) (Registration No. 05/22452/06)

Supplementary Statement by the Chairman, Mr. G. H. Waddell, at the Annual General Meeting held on Friday, 18 October, 1985

I think it is proper to add to the comments that I made in my Chairman's Review on 7 August 1985, in regard to the outlook for Rustenburg's current financial year. As a result of the Rand prices received during the first three and a half months of this current financial year. Rustenburg has earned profits substantially above those for the comparable period last year. This substantial increase in profitability is likely to continue for as long as Rustenburg receives current Rand prices and maintains its volume of sales at a level similar to that of last year.

Head and Registered Office: Consolidated Building, Corner Fox and Harrison Streets Johannesburg 2001

P.O. Box 590, Johannesburg 2000, South Africa London Secretaries: Barnato Brothers Ltd., 99, Bishopsgate, London EC2M 3XE

KANSALLIS OSAKE PANKKI

MANCHESTER AIRPORT SURVEY

FINANCIAL TIMES

NOVEMBER 13, 1985 For further details, please contact: JOHN LEVER on 061-834-9381 FINANCIAL TIMES

Europe's Business Newspaper

Aluminium to 1990 PROSPECTS FOR RECOVERY

balance, new markets and competitive trends.

The Economist Intelligence Unit inium lost its shine for good? This new EIU Special examines the likelihood of a more buoyant market for aluminium in the light of energy costs, supply and demand

are examined in terms of the major sub-markets – construction, automotive, food containers etc. and products – sheet, extrusor castings etc. Aluminium's position vis-a-vis competitors such as wood. cs, timplate and copper are analysed. Price forecasts to 1990 are derived from an econometric model which analyses the major market Variables. The Report is available, price £120. Special Report No. 209.

The Economist Publications Ltd Marketing Department (XCK) 40 Duke Street, London W1A 1DW

FOREIGN EXCHANGES

Banks regain initiative

Central banks showed the firmer hand required to produce a slightly weaker dollar last week, and are probably satisfied with the outcome. Foreign exchange dealers are not convinced a fall of about 25 per lishing a sudden fall in the value cent in the dollar's value from the peak of DM 3.4510 touched in February is justified by recent events, but in the absence of this month, and by last week relegant to the contrary the events, but in the absence of evidence to the contrary the German Bundesbank seems set to achieve a rate of DM 2.60 for £ IN NEW YORK the U.S. currency in the very near future. The Bank of Japan also appears to be on target for a dollar value of Y210, or a fall of about 20 per cent from the high of Y263.15 in February.

The Japanese authorities have suggested a rate of Y200 would

urrency. If left to its own devices the

CURRENCY MOVEMENTS OTHER CURRENCIES

Oct. 18	England	Morgan Guaranty Change %
Sterling J. 3. dollar Canadian dollar Austrian schilling Belgian franc Danish Kroner Deutsche mark Swigs franc Guilder French franc Lire Lire Yen	118,8 91,9 81,6 128,1	-9.8 +18.7 -9.6 +5.2 -10.0 -3.8 +9.9 +13.1 +5.3 -12.6 -29.9 +23.2

Morgen Gueranty changes: average 1980-1982=100, Bank of England Index

	0at, 18	Prev. close
1 month 5 months	3 1.4890-4500 0.44-0.42 pm 1.19-1.16 pm 2.96-2.87 pm	0.45-0.42 pm i 1,13-1,10 pm
	emiums and di	

suggested a rate of Y200 would be appropriate, and will be keen to make this point when the Japanese Prime Minister visits Washington this week, in the face of a strong and vocal protectionist lobby in the U.S.

Central banks have no wish to see the dollar going into free fall however, as this would create more problems than it solves. It is therefore a delicate balance between keeping the market's confidence and engineering a gradual decline in the U.S.

Currency.

Forward premitted with U.S. dollar in the U.S. the dollar in the U.S. doll slightly less than expected. These were resativly minor

Oct. 18	.	5
Arg'tina	1.1484-1.1447	0.8000-0.8010
Resoli	11.709-11.774	1,4170-1.4185 8,800-8,840
Finland	8 0955-8 1085	6.5735-5.6755 158.93-156.13
Greece H'kong	11,1220-11,1400	7.7930-7.7960
Iran	183.0,5° 0 4906.0 4915	87,25° 0,29575-0,29598
Lux'hura	76.10-76.20	53.30-53.40
N'Z'land	3.4970-3.5070 2.4445-2.4545	1.7125-1.7185
Saudi Ar.	5.208D-5.2160	3,6500-3,6510 2,1360-2,1390
S Af (Cm)	3.7385-3.7580	2.6180-2.631
S.AT. (FII).	4,2006-4.3276 5 2386-5 2465	2,9415-3.030 3,6720-3,6730

POUND SPOT-FORWARD AGAINST POUND

	Day's			%	Three	%
October	18 spread	Ciose	One month	p.s.	months	p.a
u.s.	1,4160-1,4300	1,4270-1,4280	0.45-0.42c pm		1.20-1.15pm	3.2
Canada	1.9458-1.9513	1,9480-1,9500	0.58-Q.48c pm	3.26	1.47-1.33pm	2.8
Nethind.	4.224-4.254	4.244-4.254	21-2c pm		6-\$ 1 pm	5.4
Belgium	75.70-76.39	78.10-75.20	20-17c pm	2.92	54-48pm	2.8
Denmark		13.63%-16.64%	3-24 ore pm	2.31	73-65 pm	2.1
Ireland	1,2077-1,2165	1.2156-1.2165	0.28-0.15p pm	2.12	0.67-0.45pm	1.8
W. Ger.	3.734-3.77	3.76-3.77	23-23-pl pm		5 ¹ 2-5pm	6.5
Portugal	230-2343	231-234	70-340c dis	-10.58	375-1376ds	-15.0
Spein	229-231	230 - 231	10c pm-25dis	-0.39	300-455dis	-6.5
Italy	2,527-2,548	2,5387-2,53972			11-15d/s	-2.0
Norway	11.27-11.335	11.305-11.315	3-15 ore dis		25-31-dis	-1.1
France	11.40%-11.50%		21 ₂ -2c pm		412-31-cm	1.3
Sweden	11.294-11.374		27-31 ore dis		8-85-dis	-25
Japan	306-307	3061-3072	1.37-1.30y pm		3.82-3.70pm	4.5
	26.38-26.50	28.44-28.50	13 ⁷ s-12 ¹ -gro pm		38-33½pm	5.4
Austria Switz	3.07-3.10	3.09-3.10	2-1%c pm		51-5pm	6.7
	J.U7-0-1Q				75 TO 76 RO	•

Six-month forward dollar.2.12-2.07c pm. 12-month 3.35-3.20c pm.

FINANCIAL **FUTURES**

	Henry 4 i million i i i i i i i i i i i i i i i i i i
factors however, with the mar-	Close High Low P
ket's attention firmly fixed on	Dec 1,4200 1,4230 1,4175 1.4
the revised third quarter U.S.	March 1,4100 1,4125 1,4085 1.4
gross national product figure	June 1.4030 1.4040 1.4025 1.3
published on Thursday. Fore-	LIFFE STERLING 625,000 \$ per E
casts for the figure varied	Close High Low P
widely but growth of 3 per cent	Dec 1.4195 1.4210 1.4150 1.4
to 3.5 per cent was generally	March 1,4095 1.4
expected. Some economists were	June 7,4025 1.3
looking for a rise of up to 4 per	See unbered 117 (154)
cent, but shortly before the	Previous day's open int 3,535 (3,5
release it was rumoured the	LIFFE- DEUTSCHE MARKS DM 125
figure would be below the earlier	\$ per DM
flash estimate of 2.8 per cent.	Close High Low P
The revised figure of 3.3 per	Dec 0.3814 0.3825 0.3819 0.5
cent growth therefore seemed	March 0.3846 0.3849 0.3849 0.3
fell glowin therefore seemen	June 0.3880 0.1
quite reasonable, but the central	Cat conferme 28 /ES)
bank had already undermined	Previous day's open int 446 (460)
the foundations of a stronger	liferiors and a short on the A

dollar by intervention on Wednesday, the day before the GNP incement, and the market discomething more to

CURRENCY RATES

-	Oct. 18	rate	Special Drawing Rights	Currency Unit
0	Sterling U.S.S Canadian S.	7½ 8,53	1,06566	0.588030 0.838531 1,14459
5	Austria Sch. Beiglan Fr Danish Kr	. 7	19.7286 56.8876 10.1771	44.7584 8.00629
60 96	D mark Guilder French Fr Line	4 5 91 ₂ 151 ₆		6.74305
5	Yen Norway Kr Span'h Pta	8	829.490 8.45470 171,678	180.494 6,64326 135,813
	Swedish K Swiss Fr Greek Drah Irish Punt	4 2012	8,46187 2,30715 165,055 0,907331	6,66003 1,81542 129,788
-	THE PURITY	_	U.SU / 33 L	· U. / 159457

*CS/SDR rate for Oct 17: 1,44962,

LIKKUCIVE					Sim bojust d						Pursa-Led	_
J					Strike		تقباسوالم	rt	Vei	Dec	March	June
	TUR	E5			price	Dec	March	June 1.37		0.00	0.06	0.21
, . .					90.00	1.83	1.56		=	0.00	0.13	0.34
l					90.50	7.33	1.13	1,00 0,68	25	0.02	0.26	0.62
, POUNT	-S (FOR	EIGN E	XUMANG		91.00	0.86	0.74	0.43		0.10	0.44	0.77
Sport	1-710	3-11111	6-mth	12-mth	91.50	0.43	0.44	0.24	10	9.31	0.7Z	1,08
1.4275	1.4232	7,4158	1,4055	1.3948	92.00	0.14	6.22		~	0.70	1.09	-
!					92.50	0.03	0.09	_	=	1.17		~
18/04	STERLING	SE PH	r £		93.00	0.00	C-1					
<u> </u>	Close	High	Low	Prev	93.00 Previous day	a oben	INC CH	12 4,301	F44 470			
l	1.4200	7.4Z30	1,4175	1.4095	LIFFE E/S OF	TIONS						
Dec March	1.4100	7.4125	1,4085	1.4005	22-2-2-4		11					
	1.4030	1.4040	1.4025	1.3940	£25,000 (cen	De hour	sils—La:	ki?	•	1	اهيا سهان	
June	•				Strike	1760	March	June	Vei	Dec	March	يجير
LIFFE	STERLING	£25.00	n S per	£	price	22.74	22.74	22.74	_	. 0.01	0.50	1.25
Litte			Low	Prav	1.20 1.25	17.74	17.74	17.74		0.04	1.08	2.30
i	Close	High	1,4150	1.4095		12.74	13.05	13.82	_	0.30	2,10	3.67
Dec	1.4195	1.4210	1,4100	1.4005	1.30 . 1.36	7.97	9.60	10.67	73	1.02	3.65 5.52	5.42
March	1,4095	_	. =	1,3940	1.40	4.56	6.77	8.03	25	2,61		7.7
June	1,4025	4154	_	1.00-10	1.45	2.24	4.58	5.89	249	· 5.29	F12	10.44
Est yo	turne 117 us day's	(104)	. 2 625	(3 506)	1-11	~ ~=	2 08	4.22	62	8.96	12,91	. 13,67
PYSYIDI	ne cake	open a		(2,222,	1.50 Previous day	's Ohen	int Call	s 9.187 f	Parts 15,834			2.1
1 11 12 1	DEUTSCH	É MAR	KS DM	125,000	LIBAIOTE A=5	B 0pc.						· · ·
\$ per	- 10 (10 (10 (10 (10 (10 (10 (10				LONDON SE	E/5 OF	LIONS				 _	
1 3 per		High	Low	Prev	£12,500 (cent	S Der E	1)		٠.		أحاضوان	
l_	Close		0.3810	0.3908	Strike	(st _			March	
Dec .	0.3814	0.3825	0.3849	0.3841	price	Dec	March	June	Vol	Dec 0.15	. 0.50	. June 1.20
March	0.3846 0.3880	U.3040	0.90-0	0.3875	1.20	23.20	23.20	23.40		0.15	1.10	2.10
June		(58)			1.25	18.20	18.30	18.30	. —	0.40	2.00	3.50
Est vo	ne qyy, e (Yrung 30	(00)	446 (4	601	1.30	13,30	13.60	14.39	~	1.15	3:40	5.00
1 LABAIGI	RE GAY .	shou er	,.		1.35	8.50	8.70	10.10	20 83	2.70		7.30
ł					1.40	4.80	6.85	8.20	3	5.30	2.60	19.60
i CHu	CAGO			•	1,45	2.30	4.50 2.80	6.20 4.50	Ť	8.50	11.70	13,20
1					1,50	1.00	204	- 9 657	Date 6 435	4.40		,
U.S.	TREASURY	r Boni	DŞ (CB	T) 8%	Previous day	A oben	ALC CHI	0,411	1115 STATE			
\$100.0	00 32nds	of 1001	<u> </u>		PHILADELPH	IA SE E	/\$ OPTIC	NS				:
Dec	76-22	76-30	75-14	<u>78-13</u>	£12.500 (cen						· ·	
March	75-13	75-21	75-05	75-05	Strike	7	Calls—La	st			Pots-Ltd	
June	74-09	74-18	74-05	74-02	price	Dac	March	June	· Vol	Dec	March	June
Sept	73-08	73-14	73-04	73-01	1.20		-	_	-	0.05		-
Dec	72-10	72-17	72-06	72-03	1,25	17.50		_	4.	~ ==	0.95	
March		71-20	71-14	71-08 70-15	7,30			_	.= .		7.85 3.10	3.10
June	70-21	70-22	70-21	W-15	1.35	8.00	9.50		170	1.00 2.40	5.10 6.10	7.20
Sept	89-11	=		89-05	1.40	4.55	5.45	7.80	928 1.467	2.40	0.10	20
Dec March				68-19	1.45	2.10	4.30 2.70	5.90 4.05	1,131	Ξ	_	Ξ
	90-23				1,50	9.95	44	4.45	1,191			
U.S. 7	REASURY	BILLS	(IMM)	\$1m					-			
	of 100%										<u> </u>	
ı —	Close	High	Low	Prev	LONDO	•			FT-SE	700`1N	DEX	٠.

LINE EURODOLLAR OPTIONS

ï		DON			
9 4 1	20-YE/ 32nd#	of 180%	ANDITO	L GILT	
1 4 9	Dec March		High 114-12	Low 113-28	Pr 113- 113
f	June Sept Dec Est vo	113-05 113-05 113-04 Justine 5,48		, =	112 112
047	10% P 64ths	OTIONAL of 100%	SHORT	GILT	
3	Dec March Est vo	98-26 96-36 (uma 1,24 13 day's	7 (864)	98-19 t 1,347	98- 98- (1,41
	THREE	MONTH of 100%	·		
į	Dec	88.85 90.36	89.01	98.84 89 32	89. 89

MONEY RATES

EXCHANGE CROSS RATES Oct 18 | 8 | 8 | DM | YEN | F Fr. | 8 Fr. | H Fl. | Link |

		- 1		_	:	-	i		
£	0.701	1.428	3.765 2.657	307.0 215.1	11.49 8.040	3,095 2,169	4,248 2,975	2539. 1779.	1,9 1,3
DM YEN	0.265 3,257	0.379 4,660	1 12.26	81,54 1000.	3,050 37,41	0,822 10.08	1,128 13,84	674.4 8270.	Q.8
F Fr. S Fr.	0.325	0,461	1,216	99,19	10. 5.711	1,	1,572	BRUT	Ų.
H FL Lira		0,562	1.485	120.9	4.525	1,219	1,076	1000,	0,2
	1.315	1,875	4.944	403,2		4,064	0,070	8334.	X.2
Yea p	1,000	Freed	t Fr p	er 10:	Um pi	W .1,00	Q: Ben	. FF D	

FORWARD RATES AGAINST STERLING

French Frenc Swiss Franc		3.7630 11.4850 3.0950 307.00	3.7425 11.4607 3.0754 305.65	3,702 11,44 3,042 303,2	01 11.4452 0 2.9966	. T
EMS EURO	PEAN	CURF	ENCY	ואט	T RATE	s
	Ecu contral rates	Curre amou against Octobe	mts : Ecu	change from entral rate	% change adjusted for divergence	Dh
Seiglan Franc Janiah Krone Serman D-mark	44.8320 8.12857 2.23940 5.85402	44.75 8,008 2,209 6,743	29 - 11 -	-0.18 -1.50 -1.31 -1.76	+0.81 -0.71 -0.52 -0.97	###

DOLLAR SPOT-FORWARD AGAINST DOLLAR

1.4160-1.4300 1.4270-1.4290 1.4270-1.329 m
1.7171-1.1780 1.1785 1.7785 0.17-0.132 pm
1.3844-1.3860 1.3850-1.3550 0.03-0.05c dis
2.9530-2.8795 2.9745-2.9755 0.54-0.51c pm
53.16-53.49 53.30-53.40 2.3c dis
2.5240-2.625 2.6850-2.6370 0.80-0.75pf pm
1624-1633 1624-1632 100-300c dis
1.774-1.785 1.778-1.779 3-94 lire dis
1.774-1.785 1.778-1.779 3-94 lire dis
1.784-7.934 7.924 3-34 ore dis
2.540-2.552 15.05-215.15 0.33-0.29 pm
18.441-18.542 18.512-18.522 4-34 gro pm
2.1560-1.1700 2.1830-2.1690 0.75-0.70c pm

(and Ireland are quoted in U.S. currency.

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible france. Financial franc \$3.70-\$3.80.

EURO-CURRENCY INTEREST RATES

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MONEY MARKETS

No hint of early rate change

The London money market waited anxiously for the speech by Mr Nigel Lawson, Chancellor of the Exchequer, at the Mansion House on Thursday night, but the event was allowed to pass without any very strong reaction.

Mr Lawson's statement that the Government would not hesitate. Covernment would not hesitate to raise short-term interest rates to tighten monetary conditions would have had more immediate would have had more immediate impact if rates were not already nearly double the rate of inflation, and if sterling M3 had not been relegated to a more minor role in determining policy.

Sterling M3 has grown at an annual rate of 18,5 per cent in the last six months, but the narrow monetary aggregate of notes and coin, known as M0, has grown by only 3.3 per cent in the same period, and by a mere 1.1 per cent in the last three months.

Since sales of gilts will no longer be a method of keeping money supply under control, but simply a means of funding the Government's borrowing needs, via the public sector borrowing requirement there should also requirement, there should also be no need for the authorities to increase interest rates to sell stock. The high yields ou gilts become attractive as interest rates are brought back down, but this tactic should no longer be necessary.

but this tactic should no longer be necessary.

The Chancellor's forecast that inflation will be below 4 per cent next year, coupled with his intimation that interest rates will remain firm, should help to underpin sterling. It will also be seen as conforming with the spirit of the Group of Five

WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON	Oct. 18	change	NEW YORK	Oct. 18	cha
Base rates	1112	:Unch'd	Prime rates	912	ปกเ
	11112	, + l g	Federal funds	76	
3mth interpank	114		3 Mth. Treasury Bills	741	i±6
Treasury Bill Tender	11.0982	+0.6841	6 Mth. Treasury Bills	7.65	;=0
Band 1 Bills	2130		5 Mth. C D	` 7.92	-0
	114	Unch 'd		ı	
	:114	unen a	FRANKFURT		į
	114		Lombard	6.5	Un
3 Mth. Treasury Bills 1 Mth. Bank Bills	114	INDER 14	One Mth. Interbank Three month	4.675	Ung
	113	+6	. I mae incittu	4,778	1+0
3 MUI. DAIK OILIS	1	- LE	PARIS	ī	1
TOKYO ·	1	•	Intervention Rate	91g	_1
One month Bills	6.46975	Unch 'd	One Mith. Interbank	9.4	_¦
Three month Bills	6,46875	Uneh' d	Three month	ايو ا	_"
	:				-
BRUSSELS	1 85a	1.	'MILAN	•	1 .
One month	i Bri	—la —la		14 %	+ 4
Three month	- 6-4	-		.146	, + 4
AMSTERDAM			! DUBLIN		;
One month	: 57g	.+&		10	1+5
Three month	576	+16		: 97g	+4

MONEY RATES

Oct. 18	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lomba
rankfurt	916 76 118 514 578 6,31875 1416 1416 9.55	918 914 41. 44 51. 513 6.46875 1414-1456 812-812	916 914 — 6.46875 —	144.468 56.513	5H-5H	91

declaration to boost the value of the major currencies against the dollar.

The net result for the money market was therefore very little. Interest rates are unlikely to fall very far, but with the pound firm and inflation declining there is also little immediate prospect of a rise.

£97,23

BANK OF ENGLAND TREASURY BILL TEND

FT LONDON INTERBANK FIXING

(11,00 a.m. Oct. 18) Three mouths U.S. dollars			Six -menting		
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